



January 31, 2020

Finance Advisory and Audit Committee
City of Columbia, Missouri
Columbia, Missouri

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This letter is to inform the Finance Advisory and Audit Committee of the City of Columbia, Missouri (the City) about significant matters related to the conduct of our audit as of and for the year ended September 30, 2019, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated September 12, 2019. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 12, 2019 regarding the planned scope and timing of our audit and have discussed with you our identification of significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the City's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Significant Accounting Estimates
 - Depreciable Useful Life and Salvage of Capital Assets
 - Fair Value of Investments
 - Incurred but Not Report (IBNR) Medical, Worker's Compensation and General Liability Insurance
 - Other Postemployment Benefit Plan (OPEB) Assumptions
 - Allowance for Doubtful Accounts
 - Legal Contingencies
 - Pollution Remediation Obligation
 - Net Pension Liability Assumptions
 - Landfill Closure and Postclosure Obligation

Audit Adjustments

Audit adjustments proposed by us and recorded by the City are as follows:

- Water and Electric fund—Reclass capital assets from CIP to depreciable assets and record related depreciation for the fiscal year.

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Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Internal Control Matters and Compliance Findings

We have separately issued a report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements, as required by *Government Auditing Standards*. This communication is included with the City's Compliance Report for the year ended September 30, 2019.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the City of Columbia, Missouri.

This report is intended solely for the information and use of the Finance Advisory and Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP



January 31, 2020

RSM US LLP
4801 Main Street, Suite 400
Kansas City, MO 64112

This representation letter is provided in connection with your audit of the basic financial statements of the City of Columbia, Missouri (the City) as of and for the year ended September 30, 2019 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of January 31, 2020:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 12, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balance.

- b. Net position and fund balance classifications.
 - c. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - d. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
 - e. We believe the implementation of GASB Statements Nos. 83 and 88 is appropriate, and their impact, if any, has been properly disclosed in the financial statements.
 - f. Future changes in accounting pronouncements for GASB Statement Nos. 84, 87, 90 and 91 which have been issued, but which we have not yet adopted.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. We agree with the findings of the specialists in evaluating Other Postemployment Benefits under GASB Statement No. 75, police and fire pension related obligations and disclosures, Missouri LAGERS pension related obligations and disclosures, fair value of certain investments and self-insurance liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not otherwise aware of the independence or objectivity of the specialists.
12. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

13. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

16. We have no knowledge of allegations of fraud or suspected fraud affecting the City's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements received in communications from employees, former employees, analysts, regulators or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
19. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the City's related parties and all the related-party relationships and transactions of which we are aware.
21. We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize and report financial data.
22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

24. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

25. With respect to management's discussion and analysis, pension and other postemployment benefit information, and budgetary comparison schedules presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information are the actuarial assumptions for the Police and Fire pension plan, LAGERS pension plan and OPEB plan.

Compliance Considerations

26. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
- a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
 - b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
 - c. Has disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
 - d. Has disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
 - e. Has disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
 - f. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
 - h. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
27. In connection with your audit of the passenger facility charge program conducted in accordance with the Passenger Facility Charge (PFC) Audit Guide for Public Agencies (the Guide), we confirm:
- a. We are responsible for complying, and have complied, with the requirements of the Guide.

- b. We have prepared the schedule of passenger facility charge receipts, disbursements and changes in cash balances in accordance with the Guide.
 - c. We are responsible for establishing and maintaining, and we have established and maintained, effective internal control over compliance for the PFC program that provides reasonable assurance that the City is managing the PFC program in compliance with laws, regulations and the provisions of contracts or grant agreements that could have a material effect on the program.
28. In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:
- a. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
 - b. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
 - c. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
 - d. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes has been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
 - e. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
 - f. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on the major program.
 - g. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
 - h. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.
 - i. Management believes that the auditee has complied with the direct and material compliance requirements.

- j. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
- l. Management has disclosed to the auditor there are no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- m. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- n. Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance.
- o. Management is not aware of any changes in internal control over compliance or other factors that might significantly affect internal control that has occurred subsequent to the period covered by the auditor's report.
- p. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- q. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
- r. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- s. Management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
- t. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
- u. Management has charged costs to federal awards in accordance with applicable cost principles and the Uniform Guidance.
- v. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
- w. The reporting package does not contain protected personally identifiable information.

x. Management has accurately completed the appropriate sections of the data collection form

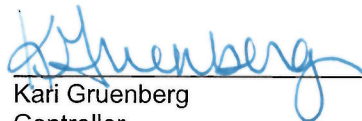
City of Columbia, Missouri



John Glascock
City Manager



Matthew Lue
Finance Director



Kari Gruenberg
Controller