

**COLUMBIA PUBLIC SCHOOL DISTRICT
COLUMBIA, MISSOURI**

**COMMUNICATIONS WITH THE BOARD
JUNE 30, 2017**



Board of Education
Columbia Public School District
Columbia, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Columbia Public School District (the “District”) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 11, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated May 25, 2017, our responsibility, as described by professional standards, is to express opinions 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. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions 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 a 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 the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the District’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it will not provide a legal determination on the District’s compliance with those requirements.

Our responsibility with respect to the required supplementary information (RSI), which supplements the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. 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 did not express an opinion or provide any assurance on the RSI.

Board of Education
Columbia Public School District

Our responsibility for the 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.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the planned scope and timing previously communicated with James Cherrington about planning matters.

Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the District 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 District's financial statements were: (1) GASB 68/71 required pension liability and related deferred inflows and outflows of resources, (2) GASB 45 required OPEB liability, (3) the compensated absences calculation made by management, (4) the open claims accrual for self-funded insurance plans, and (5) useful lives of capital assets. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Board of Education
Columbia Public School District

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were: (1) the disclosure in Note 9, describing the PSRS and PEERS pension plans liability calculation and related actuarial assumptions, and (2) the disclosure describing the OPEB liability calculation in Note 18.

The disclosures in the financial statements 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 trivial, and communicate them to the appropriate level of management. Attached to this letter is a summary of adjusting journal entries that we proposed to the trial balance provided for audit; management has corrected these misstatements and the adjustments are reflected in the audited financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 December 11, 2017.

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 governmental unit'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 governmental unit'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, required budgetary comparison schedules, and other benefits schedules, which are required supplementary information (RSI) that supplements 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.

Board of Education
Columbia Public School District

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 auditing standards generally accepted in the United States of America.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the use of the Board of Education charged with governance and management of Columbia Public School District and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Marr and Company". The script is cursive and fluid.

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
December 11, 2017

Columbia Public Schools

Year End: June 30, 2017

Adjusting journal entries

Date: 7/1/2016 To 6/30/2017

Prepared by	Reviewed by
PPD 10/5/2017	

F-1

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	6/30/2017	Accounts Payable	2111 MEDICAL				14,356.71		
1	6/30/2017	Claims	6375 MEDICAL			14,356.71			
PBC to adjust medical IBNR									
2	6/30/2017	Accounts Payable	2111 WORKCOMP				280,808.00		
2	6/30/2017	Claims	6375 WORKCOMP			280,808.00			
to record accrual for workers comp. outstanding claims									
3	6/30/2017	Prepaid Expenditures	1412 GENERAL				707,235.81		
3	6/30/2017	Prepaid Expenditures	1412 MEDICAL			67,104.00			
3	6/30/2017	Accounts Payable	2111 GENERAL			707,235.81			
3	6/30/2017	Professional Services	6312 MEDICAL				67,104.00		
to remove items included in prepaid and AP at YE, and to reclassify annual hospital fees									
4	6/30/2017	AR-Federal	1203 GENERAL	F-1-1			15,002.13		
4	6/30/2017	AR-Federal	1203 TEACHERS	F-1-1			51,599.10		
4	6/30/2017	Title I	5451 GENERAL	F-1-1		15,002.13			
4	6/30/2017	Title I	5451 TEACHERS	F-1-1		51,599.10			
Client posted entry - reclassified Title I for teacher not classified as HQT and reduced federal revenue reimbursement in 6/30/17 AR.									
5	6/30/2017	Transfers for other funds	5998 GENERAL	F-1-2			251,105.80		
5	6/30/2017	Other Financing Sources	5999 TEACHERS	F-1-2		251,105.80			
5	6/30/2017	Non-Certified Salary	6151 GENERAL	F-1-2		207,381.94			
5	6/30/2017	Non-Certified Salary	6151 TEACHERS	F-1-2			207,381.94		
5	6/30/2017	Overtime Non-Certified Salary	6160 GENERAL	F-1-2		1,331.97			
5	6/30/2017	Overtime Non-Certified Salary	6160 TEACHERS	F-1-2			1,331.97		
5	6/30/2017	Non-Certified Salary-Special	6161 GENERAL	F-1-2		114.64			
5	6/30/2017	Non-Certified Salary-Special	6161 TEACHERS	F-1-2			114.64		
5	6/30/2017	Teacher Retirement	6211 GENERAL	F-1-2		2,423.72			
5	6/30/2017	Teacher Retirement	6211 TEACHERS	F-1-2			2,423.72		
5	6/30/2017	Non-Teacher Retirement	6221 GENERAL	F-1-2		16,498.32			
5	6/30/2017	Non-Teacher Retirement	6221 TEACHERS	F-1-2			16,498.32		
5	6/30/2017	FICA	6231 GENERAL	F-1-2		12,802.15			
5	6/30/2017	FICA	6231 TEACHERS	F-1-2			12,802.15		
5	6/30/2017	Medicare	6232 GENERAL	F-1-2		2,994.04			
5	6/30/2017	Medicare	6232 TEACHERS	F-1-2			2,994.04		
5	6/30/2017	Health Insurance	6241 GENERAL	F-1-2		54,338.56			
5	6/30/2017	Health Insurance	6241 TEACHERS	F-1-2			54,338.56		
5	6/30/2017	Life / AD&D Insurance	6242 GENERAL	F-1-2		219.90			
5	6/30/2017	Life / AD&D Insurance	6242 TEACHERS	F-1-2			219.90		
5	6/30/2017	Dental Insurance	6243 GENERAL	F-1-2		2,726.70			
5	6/30/2017	Dental Insurance	6243 TEACHERS	F-1-2			2,726.70		
5	6/30/2017	HSA Contributions	6244 GENERAL	F-1-2		432.00			
5	6/30/2017	HSA Contributions	6244 TEACHERS	F-1-2			432.00		
5	6/30/2017	Workers Comp Insurance	6261 GENERAL	F-1-2		1,440.91			
5	6/30/2017	Workers Comp Insurance	6261 TEACHERS	F-1-2			1,440.91		
to record reclassification of salaries between funds and related fund transfer									
6	6/30/2017	AR-County	1205 TEACHERS			467,932.87			
6	6/30/2017	Deferred Revenue	2211 TEACHERS				467,932.87		
to record fines & forf. receivable									
7	6/30/2017	Net OPEB Obligation	2745 ADULT				11,681.40		
7	6/30/2017	Net OPEB Obligation	2745 FOOD				37,902.59		
7	6/30/2017	OPEB Benefits	6280 ADULT			11,681.40			
7	6/30/2017	OPEB Benefits	6280 FOOD			37,902.59			
PBC to record YE OPEB									

Columbia Public Schools

Year End: June 30, 2017

Adjusting journal entries

Date: 7/1/2016 To 6/30/2017

Prepared by	Reviewed by
PPD 10/5/2017	

F-1-1

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
RECLASS 6/30/2017		Transfers for other funds	5998 GENERAL	13-2		8,333,498.52			
RECLASS 6/30/2017		Transfers for other funds	5998 CAPITAL	13-2			3,001,244.00		
RECLASS 6/30/2017		Other Financing Sources	5999 CAPITAL	13-2		3,001,244.00			
RECLASS 6/30/2017		Other Financing Uses	6666 GENERAL	13-2			8,333,498.52		
		Reclassifying entry - based on DESE reporting for transfers among funds							
RECLASS 6/30/2017		Food Sales - Program	5151 FOOD	F-1-3			1,784,859.15		
RECLASS 6/30/2017		Food Sales - Non-Program	5165 FOOD	F-1-3		1,784,859.15			
		PBC to correct FY17 Ala Carte sales							
						15,327,034.93	15,327,034.93		
			Net Income (Loss)			(38,520,265.82)			