



CPAs & BUSINESS ADVISORS

December 4, 2019

To the Governing Board
Santa Barbara County Education Office
Santa Barbara, California

We have audited the financial statements of Santa Barbara County Education Office (the County) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 4, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated March 29, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Santa Barbara County Education Office solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Santa Barbara County Education Office is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the pension liability is based on actuarial evidence provided by the pension plan sponsors. We evaluated the key factors and assumptions used to develop the estimates for pension liability, and both deferred inflows and deferred outflows of resources in determining that it is reasonable in relation to the basic financial statements taken as a whole.

In addition, management's estimate of the other postemployment benefit (OPEB) is based on actuarial evidence provided by an actuary. We evaluated the key factors and assumptions used to develop the estimates for OPEB liability, OPEB costs, and deferred inflows of resources in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Santa Barbara County Education Office's financial statements relate to liabilities associated with pensions and other postemployment benefits (OPEB).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

There were no corrected misstatements identified during the audit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

County School Service Fund

| | | |
|-------------------|-----------|-----------|
| Cash in county | \$130,230 | |
| FMV of investment | | \$130,230 |

Special Reserve Fund for Capital Outlay Projects

| | | |
|-------------------|----------|----------|
| Cash in county | \$46,932 | |
| FMV of investment | | \$46,932 |

The effect of these uncorrected is an understatement of cash in county of a \$130,230 and \$46,932, and an understatement of fund balance of \$130,230 and \$46,932 for the County School Service Fund and the Special Reserve Fund for Capital Outlay Projects, respectively

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Santa Barbara County Education Office financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 4, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

To the Governing Board
Santa Barbara County Education Office
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Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Santa Barbara County Education Office, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Santa Barbara County Education Office's auditors.

Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements

We have identified the following matters involving noncompliance with laws and regulations, violations of contract provisions or grant agreements that came to our attention during the course of the audit.

Please see item 2019-001 in the audit report.

This report is intended solely for the information and use of the governing board and management of Santa Barbara County Education Office and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California
December 4, 2019