



SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 LINDA VISTA ROAD, SAN DIEGO, CALIFORNIA 92111-7399 (858) 292-3500

Superintendent of Schools
Randolph E. Ward, Ed.D.

February 28, 2007

Thomas Bishop
District Superintendent
Del Mar Union School District
225 Ninth Street
Del Mar, CA 92014-2716

Dear Mr. Bishop:

Re: 2006-07 First Interim Report

Our office has completed its review of your First Interim Report (SACS Form 01I) in compliance with the provisions of Education Code Section 42130 et seq. All of the data submitted by the district has been analyzed and appears to adequately reflect the financial status of your district as of October 31, 2006. Should any adverse circumstances arise which would negatively impact the financial condition of the district, please notify this office as soon as possible.

During our review, we noted the following items:

Deficit Spending

The district is projecting deficit spending in the Unrestricted General Fund of \$654,124 in 2006-07. Deficit spending needs to be carefully monitored to prevent any financial difficulties in future years.

Property Tax for Basic Aid Districts

We recommend that the district continue to monitor its property tax income to ensure that the budgeted amount of \$26,925,674 materializes by year-end.

Multi-Year Projection

The district's multi-year projection indicates deficit spending in the unrestricted general fund of \$141,182 in 2007-08. Deficit spending is not projected to have an impact on the district's ability to meet its required reserve level in fiscal years 2007-08 and 2008-09.

Mandates

The district reports receipt of \$232,559 actuals to date in mandated costs reimbursements. Some of these funds are still subject to audit. We recommend that

Board of Education

Nick Aguilar Susan Hartley Sharon C. Jones Robert J. Watkins John Witt

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districts reserve 85% of mandate revenues. We understand the district has reserved \$284,271 in the General Fund (General Reserve, object 9730) in case of an audit.

Criteria and Standards

The Criteria and Standards Supplemental Information S7A, Identification of the District's Unfunded Liability for Postemployment Benefits other than Pensions (OPEB), page 16, should include the total amount for postemployment benefits and the amount of total liability that is unfunded. We are aware that the district is undertaking an actuarial study at this time. Please incorporate the results of the study into subsequent financial reports.

Cafeteria Fund

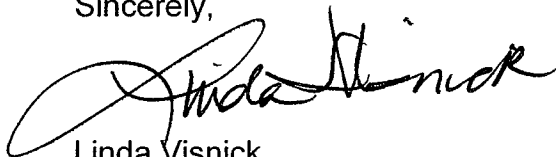
The Cafeteria Special Revenue Fund budget was revised to implement a comprehensive Child Nutrition Program for participating students in 2006-07.

Conclusion

In accordance with the provisions of the Education Code Section 42131, the County Superintendent of Schools will inform the California Department of Education that your district submitted a positive certification in a timely fashion and we concur with this certification at this time.

Please review this document carefully for any changes in data submitted. Should you have any questions concerning this review, please feel free to call me at (858) 292-3537 or Dr. Carole Parks, Consultant, Business Advisory Services at (858) 292-3810.

Sincerely,



Linda Visnick
Executive Director
District Financial Services

LV:CDP:SR

cc: Board President
Chief Financial Officer