



# 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 7, 2008

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

Dear Mr. Bishop:

Re: 2007-08 First Interim Report

Our office has completed its review of your First Interim Report (SACS Form 011) 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, 2007. 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:

### **Reserve for Economic Uncertainties and Cash Balance**

The state requires the district to maintain a Reserve for Economic Uncertainties equal to 3% of expenditures. The district projects that it will meet this requirement in 2007-08. In addition, the district is projecting that it will have a positive ending cash balance on June 30, 2008.

### **Deficit Spending**

The district is projecting deficit spending in the Unrestricted General Fund of \$628,708 in 2007-08. We are aware that \$340,000 of this amount is created by reserves for 2006-07 site fundraising and new school start-up carryovers. 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 \$29.2 million materializes by year-end.

### **Board of Education**

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

**SERVICE AND LEADERSHIP**

### **Multi-Year Projection**

The district's multi-year projection indicates deficit spending in the unrestricted general fund of \$5,562 in 2008-09. Deficit spending is not projected to have an impact on the district's ability to meet its required reserve level in fiscal years 2008-09 and 2009-10.

### **Future Salary and Expenditure Increases**

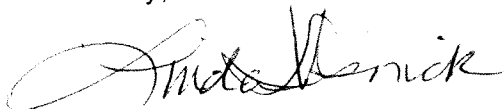
The district has completed salary negotiations for 2007-08. Before granting any future salary increases or making any other new ongoing expenditures, the district should take into account that the that the Governor's 2008-09 Budget is projecting a \$3.3 billion budget shortfall in 2007-08 and an \$11.2 billion shortfall in 2008-09 for a total of \$14.5 billion. This creates uncertainty about future cost of living increases for school districts. We also recommend that the district protect its future financial integrity by assuring a minimum of reserves (including adequate reserves for contingencies) for at least the following two years of operation.

### **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