

**SEAFORD DISTRICT LIBRARY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 1999 (AUDITED) AND 1998 (UNAUDITED)**

SEAFORD DISTRICT LIBRARY

402 North Porter Street
Seaford, Delaware 19973
302 629 2524 (Voice)
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February 25, 2000

Jefferson, Urian, Doane, & Sterner, P.A.
651 N. Bedford Street Ext.
P.O. Box 830
Georgetown, De 19973

Dear Sirs,

In response to the management letter for the year ending June 30, 1999, we have considered your observation and recommendation.

The observation that money from the Estate of Florence Shattuck is restricted to the purchase of worthwhile, helpful books for school age children has been noted in the file. According to the minutes of September 30, 1997, there was no restriction placed on this money. Restrictions will be used in future.

The conversation with Dee was about the restricted money. Due to the replacement of the Treasurer before the audit, Dee was unsure where the money had been placed and made a best guess as to where it had been sent. In cooperation with a new Treasurer, the Board, Wilmington Trust and the Director, money that is commingled is in the process of being separated back to different accounts.

After accounts have been re-established, documentation will be noted for any restricted funds.

Sincerely,



Edith Villasenor

President

Seaford District Library Commission

pc: Robert Stickle
Dave Baker
Carol Fitzgerald

Jefferson, Urian, Doane & Sterner, P.A.

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

TRUITT W. JEFFERSON, CPA
DAVID R. URIAN, CPA
DAVID C. DOANE, CPA
CHARLES H. STERNER, JR., CPA, CVA
SHELDON L. FORNEY, CPA
JAY M. STEVENS, CPA, PFS

August 26, 1999

To the Board of Commissioners
Seaford District Library
Seaford, Delaware 19973

In planning and performing our audit of the statement of cash receipts and disbursements of the Seaford Public Library for the year ended June 30, 1999, we considered the Library's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on the internal control structure.

The objective of internal accounting controls is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized the evaluation of these factors and necessarily requires estimates and judgements by management.

However, during our audit we became aware of matters that are an opportunity for strengthening operating efficiency as listed below. This letter does not affect our report dated August 26, 1999, on the statements of Seaford District Library.

OBSERVATION

During the year we noted that Seaford District Library received \$61,258.98 from the Estate of Florence Shattuck. Per my discussion with Sandy from Wilson, Halbrook & Bayard, the attorneys handling the estate, this money is restricted for the purchase of worthwhile, helpful books for school age children. Per my discussion with Dee, this money was placed into the brokerage account. Therefore, this money was commingled with other funds.

RECOMMENDATION

We recommend that all significant funds received for a restricted purpose be placed in a separate account and supporting documentation be maintained to support that the funds were used for its restricted purpose.

This report is intended solely for the information and use of the Board of Commissioners and the management of the Seaford District Library.

We will review the status of this comment during our next engagement. We will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Sincerely,

Jefferson, Urian, Doane & Sterner P.A.

**SEAFORD DISTRICT LIBRARY
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FOR THE YEARS ENDED JUNE 30, 1999 (AUDITED) AND 1998 (UNAUDITED)**

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Jefferson, Urian, Doane & Sterner, P.A.

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Seaford District Library
Sussex County, Delaware
Seaford, Delaware

We have audited the accompanying statement of cash receipts and disbursements of Seaford District Library for the year ended June 30, 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the statements of cash receipts and disbursements are a summary of the cash activity of the Library and do not present transactions that would be included in the financial statements of the Library prepared in conformity with generally accepted accounting principles.

In our opinion, the statements of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Seaford District Library for the year ended June 30, 1999.

The June 30, 1998 financial statements were compiled by us, and our report thereon, dated July 30, 1998 stated we did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.

The supplementary information contained herein is presented for additional analysis purposes and is not a required part of the statements referred to above. We did not audit this information and, therefore, we do not express an opinion thereon.

Jefferson Urian Doane & Sterner, P.A.

Georgetown, Delaware
August 26, 1999

SEAFORD DISTRICT LIBRARY
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE YEARS ENDED JUNE 30, 1999 (AUDITED) AND 1998 (UNAUDITED)

	1999	1998
RECEIPTS		
Book sales	\$ 1,383	\$ 3,068
Copy machine	5,728	5,824
City of Seaford	2,000	2,000
Dividends	x18,463 +10	8,886
Fees and fines	12,557	10,531
Gifts and donations	x11,226 +10	1,200
Interest	7,941	4,466
Memorials	2,175	7,367
Miscellaneous	1,141	1,002
State of Delaware	x 30,158 +3	27,448
Summer Youth	2,137	2,072
Sussex County	x158,583 +10	145,813
Trust proceeds	61,259	365,812
TOTAL RECEIPTS	314,751	585,489
DISBURSEMENTS		
Accounting	360	860
Advertising	146	614
Audio visual	7,568 +3	4,320
Automation	7,947 -2	9,856
Books	27,656 -2	29,823
Dues and subscriptions	4,561	3,628
Fuel	1,859	1,724
Furniture and equipment	26,905 +25	1,121
Hospitalization	6,333 +3	3,414
Insurance	4,255	4,111
Janitorial services and supplies	2,109	2,192
Maintenance and repairs	5,011	6,215
Mileage	440	451
Miscellaneous	593	256
Office supplies	3,686	3,348
Payroll taxes	9,065 +2	6,969
Photocopy supplies	1,063	1,554
Postage	886	1,940
Programs and projects	1,922	1,017
Salaries	116,376 +5	111,141
Securities purchased	17,991	228,886
Telephone	1,907	3,305
Training and education	305	697
Utilities	13,497	13,806
TOTAL DISBURSEMENTS	262,441	441,248

314,751
 61,259
 -252,992

116,376
 9,065
 125,341

SEAFORD DISTRICT LIBRARY
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 1999 (AUDITED) AND 1998 (UNAUDITED)

	<u>1999</u>	<u>1998</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 52,310	\$ 144,241
BEGINNING CASH BALANCE	<u>225,014</u>	<u>80,773</u>
ENDING CASH BALANCE	<u>\$ 277,324</u>	<u>\$ 225,014</u>
 COMPOSITION OF ENDING CASH BALANCE		
Checking account - fines	\$ 378	\$ 320
Checking account - general	1,904	(1,396)
Certificate of deposit - Postles	5,263	5,000
Certificate of deposit - building fund <i>CD</i>	28,015	26,835
Certificate of deposit - D. Lockwood	4,461	4,249
Certificate of deposit - automation <i>CD</i>	8,113	7,754
Certificate of deposit - building fund <i>CD</i>	6,986	6,986
Certificate of deposit - building fund <i>CD</i>	5,342	5,342
Certificate of deposit - Morris	6,530	5,334
Certificate of deposit - Larrimore	5,000	5,000
Certificate of deposit - WTC	100,000	100,000
Savings account	489	42
Savings account - building fund	-	881
Wilmington Brokerage - money market	<u>104,843</u>	<u>58,667</u>
 TOTAL COMPOSITION OF ENDING CASH BALANCE	 <u>\$ 277,324</u>	 <u>\$ 225,014</u>

NOTE A - ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The statements are presented on a basis other than generally accepted accounting principles.

NOTE B - INVESTMENTS

The Library held investments in various mutual funds with an original cost of \$ 246,877. All dividends were reinvested during the year. At June 30, 1999, the fair market value of these investments was \$ 230,439.

NOTE C - RESTRICTED FUNDS

During the year ended June 30, 1999, the Library received approximately \$61,300 from the Estate of Florence Shattuck. These funds are restricted for the purchase of books for school age children.

SUPPLEMENTARY INFORMATION

SEAFORD DISTRICT LIBRARY
 INSURANCE COVERAGE
 JUNE 30, 1999 (UNAUDITED)

AGENT:	The Insurance Market, Inc.		
COMPANY:	Utica Mutual Insurance Co.		
TERM:	July 13, 1998 - July 13, 1999		
COVERAGE:	Commercial Package Policy		
	Face Amount:	\$	668,000 on Building 80% Co-Insurance, \$500 Deductible
		\$	1,300,000 on Contents 80% Co-Insurance, \$500 Deductible
		\$	2,000,000 General Aggregate Limit, Each Occurrence Limit
		\$	2,000,000 Products - Comp/Op Agg
		\$	1,000,000 Personal and Adv Injury
		\$	1,000,000 Each Occurrence Limit
		\$	5,000 Medical Limit, Per Person
		\$	50,000 Fire Damage Limit, Any One Fire
		\$	15,000 Data Processing Equipment 80% Co-Insurance, \$500 Deductible
		\$	450 Sign Coverage
	Worker's Compensation Insurance		
	Face amount:	\$	100,000 Each Accident
		\$	100,000 Disease Each Employee
		\$	500,000 Disease Policy Limit
	Legal Liability	\$	1,000,000 Each Loss
		\$	1,000,000 Aggregate For Each Annual Policy Year
PREMIUM:	\$	2,727	

**SEAFORD DISTRICT LIBRARY
INSURANCE COVERAGE - CONTINUED
JUNE 30, 1999 (UNAUDITED)**

AGENT: The Insurance Market, Inc.

COMPANY: Utica National Insurance Group

TERM: March 9, 1999 - July 13, 1999

COVERAGE: Public Employee Dishonesty
Face Amount: \$ 300,000 Each Loss

PREMIUM: \$ 314

BOARD OF COMMISSIONERS

The Commissioners of the Seaford District Library are:

President	- Dr. Edith Villasenor
Vice-President	- Scott Bradley
Treasurer	- Wayne Carter
Asst. Treasurer	- Doug Hunter
Secretary	- Diana McDonnell
Member	- Rose Adams