

SEAFORD DISTRICT LIBRARY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2001 (AUDITED) AND 2000 (UNAUDITED)

**SEAFORD DISTRICT LIBRARY
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FOR THE YEARS ENDED JUNE 30, 2001 (AUDITED) AND 2000 (UNAUDITED)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Seaford District Library
Seaford, Delaware

We have audited the accompanying statement of cash receipts and disbursements of Seaford District Library for the year ended June 30, 2001. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described in Note A, the financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Seaford District Library for the year ended June 30, 2001, on the basis of accounting described in Note A.

The June 30, 2000 financial statement was compiled by us, and our report thereon, dated September 15, 2000, stated we did not audit or review that financial statement and, accordingly, expressed no opinion or other form of assurance on it.

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts and disbursements taken as a whole. The supplementary information contained herein is presented for purposes of additional analysis and is not a required part of the statement of cash receipts and disbursements. Such information has not been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements and, accordingly, we express no opinion on it.



Georgetown, Delaware
September 5, 2001

**SEAFORD DISTRICT LIBRARY
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2001 (AUDITED) AND 2000 (UNAUDITED)**

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	<u>2001</u>	<u>2000</u>
RECEIPTS		
Book sales	\$ 968	\$ 773
Copy machine	4,289	4,914
City of Seaford	2,000	2,000
Dividends	8,622	13,211
Fees and fines	11,491	11,129
Gifts and donations	6,359	6,167
Interest	11,499	19,129
Miscellaneous	1,127	830
State of Delaware	43,091	38,122
Summer Youth	3,515	2,344
Sussex County	155,670	154,132
Securities proceeds	<u>233,981</u>	<u>262,158</u>
TOTAL RECEIPTS	<u>482,612</u>	<u>514,909</u>
DISBURSEMENTS		
Accounting	1,114	550
Advertising	-	41
Audio visual	3,701	4,371
Automation	8,327	7,984
Books	27,789	29,411
Commissions	2,545	849
Consulting fees	5,500	-
Dues and subscriptions	4,029	4,094
Fuel	3,323	2,365
Furniture and equipment	-	10,179
Hospitalization	11,938	10,678
Insurance	4,094	4,200
Janitorial services and supplies	227	1,950
Maintenance and repairs	6,674	5,654
Mileage	764	437
Miscellaneous	1,947	1,303
Office supplies	3,568	6,007
Payroll taxes	10,201	10,950
Photocopy supplies	647	1,405
Programs and projects	2,824	2,199
Salaries	133,343	124,158
Securities purchased	420,903	272,126
Telephone	2,237	1,987
Training and education	357	780
Utilities	<u>13,062</u>	<u>12,799</u>
TOTAL DISBURSEMENTS	<u>669,114</u>	<u>516,477</u>

The accompanying notes are an integral part of this financial statement.

**SEAFORD DISTRICT LIBRARY
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - CONTINUED
 FOR THE YEARS ENDED JUNE 30 2001 (AUDITED) AND 2000 (UNAUDITED)**

	<u>2001</u>	<u>2000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (186,502)	\$ (1,568)
BEGINNING CASH BALANCE	<u>275,756</u>	<u>277,324</u>
ENDING CASH BALANCE	<u>\$ 89,254</u>	<u>\$ 275,756</u>
 COMPOSITION OF ENDING CASH BALANCE		
Checking account - fines	\$ 760	\$ 376
Checking account - general	6,074	1,013
Certificate of deposit - Postles	5,753	5,526
Certificate of deposit - building fund	30,289	29,478
Certificate of deposit - D. Lockwood	4,825	4,642
Certificate of deposit - building fund	7,695	7,560
Certificate of deposit - building fund	6,196	5,781
Certificate of deposit - Morris	-	6,781
Certificate of deposit - Larrimore	-	5,591
Certificate of deposit - WTC	-	110,387
Money Market - PNC	22,746	18,930
Money market - Wilmington Brokerage	1,942	2,393
Money market - Wilmington Brokerage	<u>2,974</u>	<u>77,298</u>
 TOTAL COMPOSITION OF ENDING CASH BALANCE	 <u>\$ 89,254</u>	 <u>\$ 275,756</u>

NOTE A - ACCOUNTING POLICIES

Nature of Activities

The Seaford District Library (the Library) provides library services to the general public. It is a free public library which provides collections of reading materials, programs, and services to benefit the Seaford area. The Library is supported primarily through grants from Sussex County, Delaware.

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments unpaid at the date of the financial statements are not included in the financial statements.

NOTE B - INVESTMENTS

The Library held investments in various mutual funds. All dividends were reinvested during the year. At June 30, 2001 and 2000, the fair market value of these investments was \$ 420,884 and \$ 241,894, respectively.

NOTE C - INCOME TAXES

The Library is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NOTE D - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Library to concentrations of credit risk consist principally of investments held by a broker.

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

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

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September 5, 2001

To the Board of Commissioners
Seaford District Library
Seaford, Delaware

In planning and performing our audit of the statement of cash receipts and disbursements of the Seaford District Library for the year ended June 30, 2001, 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 judgments by management.

However, during our audit we became aware of matters that are opportunities for strengthening operating efficiency as listed below. This letter does not affect our report dated September 5, 2001, on the statements of Seaford District Library.

OBSERVATION

As a necessary part of control over cash, adequate bank reconciliation procedures should be performed and documented. We noted, however, that the list of outstanding checks is not maintained to support the bank reconciliation. Errors in cash may not be detected if adequate documentation is not maintained.

RECOMMENDATION

We recommend that a complete list of outstanding checks be prepared each month, and that the list be attached and made a part of the reconciliation.

OBSERVATION

During our review of the investment statements we noted that several statements were missing. Per our discussion with the bookkeeper, these statements were given to a Board Member to review and the statements were never returned to her. Therefore, the bookkeeper was unable to properly record the activity in the investment accounts.

RECOMMENDATION

We recommend that a copy of the investments statements be given to the Board to review and the original statement should be maintained by the bookkeeper so that she may accurately record the transactions in these accounts.

OBSERVATION

During our audit we noted that the bookkeeper used the December 31, 2000 balance as the beginning balance of various Certificates of Deposits and investment accounts as opposed to the balance as of June 30, 2000. This resulted in interest and other transactions that occurred from July through December not being properly recorded.

SUPPLEMENTARY INFORMATION

**SEAFORD DISTRICT LIBRARY
INSURANCE COVERAGE (UNAUDITED)
JUNE 30, 2001**

AGENT: The Insurance Market, Inc.

COMPANY: Utica National Insurance Co.

TERM: July 13, 2000 - July 13, 2001

COVERAGE: Commercial Package Policy

Face Amount:	\$	688,100	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
Public Employee Dishonesty			
Face Amount:	\$	300,000	Each Loss
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: \$ 3,830

BOARD OF COMMISSIONERS

The Commissioners of the Seaford District Library are:

President	- Dr. Edith Villasenor
Vice-President	- Scott Bradley
Treasurer	- Doug Hunter
Asst. Treasurer	- Allen Handy, Sr.
Secretary	- Diana McDonnell
Member	- Rose Adams