

**SEAFORD DISTRICT LIBRARY**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2002 (UNAUDITED) AND 2001 (AUDITED)**

**SEAFORD DISTRICT LIBRARY  
INDEX  
FOR THE YEARS ENDED JUNE 30, 2002 (UNAUDITED) AND 2001 (AUDITED)**

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	<u>PAGES</u>
<b>ACCOUNTANT'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Cash Receipts and Disbursements	2 - 3
Notes to Financial Statements	4
<b>SUPPLEMENTARY INFORMATION</b>	
Insurance Coverage	5
Comments	6

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

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

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Seaford District Library  
Sussex County, Delaware

We have compiled the accompanying statement of cash receipts and disbursements of Seaford District Library for the year ended June 30, 2002, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying June 30, 2002 financial statement and supplementary information and, accordingly, do not express an opinion or any other form of assurance on it.

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.

The financial statement for the year ended June 30, 2001 was audited by us, and we expressed an unqualified opinion on it in our report dated September 5, 2001, but we have not performed any auditing procedures since that date.

Georgetown, Delaware  
October 2, 2002



**SEAFORD DISTRICT LIBRARY  
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEARS ENDED JUNE 30, 2002 (UNAUDITED) AND 2001 (AUDITED)**

	<u>2002</u>	<u>2001</u>
<b>RECEIPTS</b>		
Book sales	\$ 678	\$ 968
Copy machine	4,565	4,289
City of Seaford	2,000	2,000
Dividends	15,232	8,622
Fees and fines	12,139	11,491
Gifts and donations	3,730	6,359
Interest	1,713	11,499
Miscellaneous	763	1,127
State of Delaware	62,178	43,091
Summer Youth	6,363	3,515
Sussex County	157,640	155,670
Other Grants	2,500	-
Securities proceeds	35,781	233,981
	<u>305,282</u>	<u>482,612</u>
<b>TOTAL RECEIPTS</b>		
<b>DISBURSEMENTS</b>		
Accounting	475	1,114
Audio visual	3,673	3,701
Automation	6,414	8,327
Books	20,657	27,789
Capital expenditures	12,810	-
Commissions	4,975	2,545
Consulting fees	-	5,500
Dues and subscriptions	4,004	4,029
Fuel	3,304	3,323
Hospitalization	13,201	11,938
Insurance	37	4,094
Janitorial services and supplies	510	227
Maintenance and repairs	5,467	6,674
Mileage	790	764
Miscellaneous	600	1,947
Office supplies	4,873	3,568
Payroll taxes	10,563	10,201
Photocopy supplies	281	647
Programs and projects	2,420	2,824
Salaries	138,037	133,343
Securities purchased	22,347	420,903
Telephone	4,754	2,237
Training and education	276	357
Utilities	14,579	13,062
	<u>275,047</u>	<u>669,114</u>
<b>TOTAL DISBURSEMENTS</b>		

See accompanying notes and accountant's report.

SEAFORD DISTRICT LIBRARY  
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30 2002 (UNAUDITED) AND 2001 (AUDITED)

	<u>2002</u>	<u>2001</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	\$ 30,235	\$ (186,502)
<b>BEGINNING CASH BALANCE</b>	<u>89,254</u>	<u>275,756</u>
<b>ENDING CASH BALANCE</b>	<u>\$ 119,489</u>	<u>\$ 89,254</u>
 <b>COMPOSITION OF ENDING CASH BALANCE</b>		
Checking account - fines	\$ 5,056	\$ 760
Checking account - general	10,815	6,074
Certificate of deposit - Postles	5,753	5,753
Certificate of deposit - building fund	31,172	30,289
Certificate of deposit - D. Lockwood	4,977	4,825
Certificate of deposit - building fund	7,695	7,695
Certificate of deposit - building fund	6,249	6,196
Money Market - PNC	47,327	22,746
Money market - Wilmington Brokerage	445	1,942
Money market - Wilmington Brokerage	<u>-</u>	<u>2,974</u>
 <b>TOTAL COMPOSITION OF ENDING CASH BALANCE</b>	 <u>\$ 119,489</u>	 <u>\$ 89,254</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, 2002 and 2001, the fair market value of these investments was \$ 393,466 and \$ 420,884, 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.

The Library maintains several different accounts in two commercial banks. Cash held by an individual bank can at times exceed \$ 100,000. These accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 100,000.

**SUPPLEMENTARY INFORMATION**

SEAFORD DISTRICT LIBRARY  
INSURANCE COVERAGE (UNAUDITED)  
JUNE 30, 2002

- 5 -

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**AGENT:** The Insurance Market, Inc.

**COMPANY:** Utica National Insurance Co.

**TERM:** July 13, 2001 - July 13, 2002

**COVERAGE:** Commercial Package Policy  
\$ 708,743 on Building, 80% Co-Insurance, \$500 Deductible  
\$ 1,308,000 on Contents, 80% Co-Insurance, \$500 Deductible  
\$ 2,000,000 General Aggregate Limit, Each Occurrence Limit  
\$ 2,000,000 Products - Comp/Op Ag  
\$ 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  
\$ 300,000 Each Loss

Worker's Compensation Insurance  
\$ 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:** \$ 4,074

See accountant's report.



**BOARD OF COMMISSIONERS**

The Commissioners of the Seaford District Library are:

President	- Dr. Edith Villasenor
Vice-President	- Rose Adams
Treasurer	- Richard Sellers
Secretary	- Alisa Parker
Member	- Douglas Hunter
Member	- Newton Crouse

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October 2, 2002

To the Board of Commissioners  
Seaford District Library  
Seaford, Delaware

In planning and performing our compilation of the statement of cash receipts and disbursements of the Seaford District Library for the year ended June 30, 2002, we became aware of an opportunity for strengthening operating efficiency as listed below. This letter does not affect our report dated October 2, 2002, on the statement of Seaford District Library.

## OBSERVATION

We noted that some of the monthly broker statements were missing from the files.

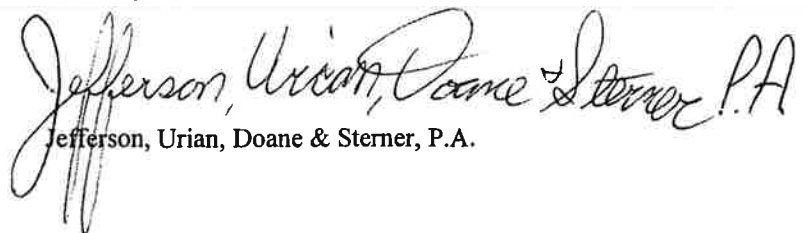
## RECOMMENDATION

As a necessary part of control over cash, adequate records should be maintained on all bank and investment accounts held by the Library. We recommend that the original broker statements be kept on file in the Library, and that only copies of the broker statements be removed from the Library for use by the Treasurer.

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 the above comment during our next engagement. We have already discussed the above comment and suggestion with various Library personnel, and 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.