

SEAFORD DISTRICT LIBRARY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2008 (UNAUDITED) AND 2007 (AUDITED)

**SEAFORD DISTRICT LIBRARY
INDEX
FOR THE YEARS ENDED JUNE 30, 2008 (UNAUDITED) AND 2007 (AUDITED)**

	<u>PAGES</u>
ACCOUNTANTS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Cash Receipts and Disbursements	2 - 3
Notes to Financial Statements	4 - 5
SUPPLEMENTARY INFORMATION	
Insurance Coverage	6 - 7
Investments	8
Comments	9

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

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

DAVID R. URIAN, CPA
DAVID C. DOANE, CPA
CHARLES H. STERNER, JR., CPA, CVA
SHELDON L. FORNEY, CPA
JAY M. STEVENS, CPA, PFS
ROGER R. REED, CPA
ELAINE E. GRAVES, CPA

TRUITT W. JEFFERSON, CPA, DIRECTOR
RETIRED

ANITA Y. SMITH, MEd, DIRECTOR

To the Board of Commissioners
Seaford District Library
Seaford, Delaware

We have compiled the accompanying statement of cash receipts and disbursements of Seaford District Library (a nonprofit organization) for the year ended June 30, 2008, 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, 2008 statement of cash receipts and disbursements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statement for the year ended June 30, 2007 was audited by us, and we expressed an unqualified opinion on it in our report dated November 6, 2007 but we have not performed any auditing procedures since that date.

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

Georgetown, Delaware
October 14, 2008

SEAFORD DISTRICT LIBRARY
STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 (UNAUDITED) AND 2007 (AUDITED)

- 2 -

	<u>2008</u>	<u>2007</u>
RECEIPTS		
Book sales	\$ 1,415	\$ 1,277
Building fund income	184,991	63,385
Copy machine	3,467	3,306
City of Seaford	2,500	2,500
Dividends	21,116	23,579
E-Rate	1,125	-
Fees and fines	13,566	13,100
Gifts and donations	9,203	2,511
Interest	2,856	4,052
Miscellaneous	802	384
Proceeds from sale of securities	158,940	173,172
State of Delaware	75,136	67,991
Sussex County	236,427	230,488
Other grants	4,212	2,384
	<u>715,756</u>	<u>588,129</u>
TOTAL RECEIPTS		
DISBURSEMENTS		
Accounting	949	774
Audio visual	8,984	8,528
Automation	5,978	-
Books	33,388	34,267
Capital expenditures	158,911	122,582
Commissions	4,925	4,925
Dues and subscriptions	6,204	5,542
Fuel	7,178	6,823
Hospitalization	8,777	5,773
Insurance	8,439	8,256
Janitorial services and supplies	972	713
Maintenance and repairs	6,365	8,863
Mileage	2,237	1,645
Miscellaneous	797	1,823
Office supplies	8,903	11,210
Payroll taxes	14,914	13,605
Payroll expenses	200	-
Photocopy supplies	691	803
Programs and projects	6,597	8,149
Salaries	194,953	177,842
Securities purchased	159,980	178,202
Telephone	2,230	1,918
Training and education	3,659	2,504
Utilities	23,181	22,940
	<u>669,412</u>	<u>627,687</u>
TOTAL DISBURSEMENTS		

See accompanying notes and accountants' report.

SEAFORD DISTRICT LIBRARY
STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2008 (UNAUDITED) AND 2007 (AUDITED)

- 3 -

	<u>2008</u>	<u>2007</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 46,344	\$ (39,558)
BEGINNING CASH BALANCE	<u>173,991</u>	<u>213,549</u>
ENDING CASH BALANCE	<u><u>\$ 220,335</u></u>	<u><u>\$ 173,991</u></u>
COMPOSITION OF ENDING CASH BALANCE		
Checking account - fines	\$ 1,572	\$ 1,371
Checking account - general	40,725	39,001
Checking account - building fund	616	626
Certificate of deposit - Postles	5,753	5,753
Certificate of deposit - D. Lockwood	5,134	4,977
Certificates of deposit - building fund	14,741	14,583
Certificate of deposit - general	26,329	25,000
Money market account - building fund	116,596	77,916
Money market accounts - Wilmington Brokerage	<u>8,869</u>	<u>4,764</u>
TOTAL COMPOSITION OF ENDING CASH BALANCE	<u><u>\$ 220,335</u></u>	<u><u>\$ 173,991</u></u>

See accompanying notes and accountants' report.

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 that 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 receipts and disbursements basis differs from generally accepted accounting principles primarily because the effects of outstanding receivables and obligations unpaid at the date of the financial statements are not included in the financial statements.

NOTE B - RESTRICTED CASH

The Building Fund, which at June 30, 2008 and 2007 had balances of \$ 131,953 and \$ 93,125, respectively, is restricted for the construction of a new library. It is funded by donations and grants. Other restricted accounts, which at June 30, 2008 and 2007 had balances of \$ 13,136 and \$ 14,079, respectively, are restricted for purchases of specific collection materials.

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.

NOTE E - COMMITMENTS AND CONTINGENCIES

The Library plans to build a new library on land purchased from the City of Seaford. The land was purchased on September 16, 2003 for \$ 127,192. Nason Construction, Inc. has been contracted to oversee and manage the construction of the new library. The total cost of the contracts with Nason Construction, Inc. is \$ 611,694, of which \$ 348,804 remains to be paid at June 30, 2008.

NOTE F - ENDOWMENT FUND

The Library signed an agreement with Delaware Community Foundation on April 1, 2008 to establish the Seaford District Library Endowment Fund, funded initially by a \$ 2,000 grant from the Delaware Division of Libraries. Distributions are subject to certain restrictions and may not begin until the fund achieves a \$ 10,000 threshold. Delaware Community Foundation is the fund manager. Seaford District Library is not permitted to draw down funds below the \$ 10,000 threshold. However, in the event of extraordinary circumstances, the balance of the Fund (less the grants from the Delaware Division of Libraries) may be distributed with written approval from the Board of Directors of both the Delaware Community Foundation and the Library. Income from the fund is not subject to use restrictions. The endowed funds are presented in the accompanying supplementary investments schedule.

SUPPLEMENTARY INFORMATION

**SEAFORD DISTRICT LIBRARY
INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2008 (UNAUDITED)**

- 6 -

AGENT: The Insurance Market, Inc.

COMPANY: Utica National Insurance Co.

TERM: July 13, 2007 - July 13, 2008

COVERAGE: Commercial Package Policy
\$ 1,265,088 on Building, 80% Co-Insurance, \$ 500 Deductible
\$ 1,507,100 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
\$ 100,000 Fire Damage Limit, Any One Fire

Public Employee Dishonesty
\$ 300,000 Each Loss, \$ 100 Deductible

Commercial Auto
\$ 1,000,000 Each Accident

PREMIUM: \$ 6,745

AGENT: The Insurance Market, Inc.

COMPANY: Utica National Insurance Group

TERM: July 13, 2007 - July 13, 2008

COVERAGE: Worker's Compensation Insurance
\$ 100,000 Each Accident
\$ 100,000 Disease Each Employee
\$ 500,000 Disease Policy Limit

PREMIUM: \$ 1,609

**SEAFORD DISTRICT LIBRARY
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008 (UNAUDITED)**

- 7 -

AGENT: The Insurance Market, Inc.

COMPANY: Utica National Insurance Co.

TERM: July 13, 2006 - July 13, 2007

COVERAGE: Commercial Package Policy

- \$ 1,092,700 on Building, 80% Co-Insurance, \$500 Deductible
- \$ 1,463,200 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, \$ 100 Deductible

Commercial Auto

- \$ 1,000,000 Each Accident

Legal Liability

- \$ 1,000,000 Each Loss
- \$ 1,000,000 Aggregate For Each Annual Policy Year

PREMIUM: \$ 6,672

AGENT: The Insurance Market, Inc.

COMPANY: The Travelers Indemnity Company

TERM: July 13, 2006 - July 13, 2007

COVERAGE: Worker's Compensation Insurance

- \$ 100,000 Each Accident
- \$ 100,000 Disease Each Employee
- \$ 500,000 Disease Policy Limit

PREMIUM: \$ 1,584

SEAFORD DISTRICT LIBRARY
INVESTMENTS
JUNE 30, 2008 (UNAUDITED)

The Library owns marketable debt and equity securities, which are not included in the statement of cash receipts and disbursements. Investments at June 30, 2008 are as follow:

<u>Broker Holding Investment/Investment Description</u>	<u>Fair Value</u>
Merrill Lynch - Marvel Trust Mutual Funds	<u>\$ 108,217</u>
Wilmington Brokerage Services - Shattuck Trust	
Equity Securities	88,849
Equity Mutual Funds	34,395
Fixed Income Mutual Funds	<u>187,744</u>
Total Wilmington Brokerage Services - Shattuck Trust	<u>310,988</u>
Delaware Community Foundation (Seaford District Library Endowment Fund) Mutual Funds	<u>11,899</u>
TOTAL INVESTMENTS	<u><u>\$ 431,104</u></u>

Note: The Marvel Trust investments are not restricted, but require board approval to disburse funds. The Shattuck Trust investments are restricted for children's books. The Seaford District Library Endowment Fund, managed by the Delaware Community Foundation, consists of restricted endowment funds.

BOARD OF COMMISSIONERS

The Commissioners of the Seaford District Library are:

President	- Dr. Edith Villasenor
Vice-President	- Rose Adams
Treasurer	- Mary E. Torkelson
Secretary	- Leigh Ann DePope
Member	- Newton Crouse
Member	- Amy Russell