

**SEAFORD DISTRICT LIBRARY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2009 (REVIEWED) AND 2008 (COMPILED)**

**SEAFORD DISTRICT LIBRARY
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FOR THE YEARS ENDED JUNE 30, 2009 (REVIEWED) AND 2008 (COMPILED)**

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

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Commissioners
Seaford District Library
Seaford, Delaware

We have reviewed the accompanying statements of cash receipts and disbursements of Seaford District Library (a nonprofit organization) for the year ended June 30, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Seaford District Library.

A review consists principally of inquiries of Library personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in conformity with the cash receipts and disbursements basis of accounting as described in Note A.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the basis of accounting described in Note A. The supplementary information contained herein is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The accompanying 2008 financial statement of Seaford District Library was compiled by us 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 information that is the representation of management. We have not audited or reviewed the 2008 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Georgetown, Delaware
August 17, 2009

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

SEAFORD DISTRICT LIBRARY
 STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS
 FOR THE YEARS ENDED JUNE 30, 2009 (REVIEWED) AND 2008 (COMPILED)

	<u>2009</u>	<u>2008</u>
RECEIPTS		
Book sales	\$ 2,620	\$ 1,415
Building fund income	878,963	98,454
Copy machine	4,459	3,467
City of Seaford	2,500	2,500
Dividends	17,134	21,116
E-Rate	1,248	1,125
Fees and fines	17,002	13,566
Gifts and donations	3,949	9,203
Interest	6,965	2,856
Miscellaneous	1,161	802
Other grants	9,695	4,212
Proceeds from sale of securities	53,831	158,940
Proceeds from loan	49,850	-
State of Delaware	874,915	161,673
Sussex County	244,719	236,427
	<u>2,169,011</u>	<u>715,756</u>
TOTAL RECEIPTS		
DISBURSEMENTS		
Accounting	4,198	949
Advertising	604	-
Audio visual	3,580	8,984
Automation	6,277	5,978
Books	29,003	33,388
Capital expenditures	1,820,821	158,911
Commissions	4,490	4,925
Dues and subscriptions	5,657	6,204
Fuel	5,357	7,178
Hospitalization	8,190	8,777
Insurance	9,938	8,439
Janitorial services and supplies	1,147	972
Maintenance and repairs	8,219	6,365
Mileage	1,451	2,237
Miscellaneous	761	797
Office supplies	9,841	8,903
Payroll taxes	14,141	14,914
Payroll expenses	24	200
Photocopy supplies	799	691
Programs and projects	7,548	6,597
Salaries	184,848	194,953
Securities purchased	60,101	159,980
Telephone	2,114	2,230

See accompanying notes and accountants' report.

STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2009 (REVIEWED) AND 2008 (COMPILED)

	<u>2009</u>	<u>2008</u>
DISBURSEMENTS - CONTINUED		
Training and education	\$ 2,531	\$ 3,659
Utilities	24,561	23,181
	<u>2,216,201</u>	<u>669,412</u>
TOTAL DISBURSEMENTS		
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,190)	46,344
BEGINNING CASH BALANCE	<u>220,335</u>	<u>173,991</u>
ENDING CASH BALANCE	<u>\$ 173,145</u>	<u>\$ 220,335</u>
 COMPOSITION OF ENDING CASH BALANCE		
Checking account - fines	\$ 4,054	\$ 1,572
Checking accounts - general	68,155	40,725
Checking account - building fund	1,854	616
Certificate of deposit - Postles	5,838	5,753
Certificate of deposit - D. Lockwood	5,289	5,134
Certificates of deposit - building fund	15,039	14,741
Certificate of deposit - general	27,118	26,329
Escrow account - building fund	6,125	-
Money market account - building fund	30,103	116,596
Money market accounts - Wilmington Brokerage and Merrill Lynch	9,220	8,869
Petty cash	350	-
	<u>173,145</u>	<u>220,335</u>
TOTAL COMPOSITION OF ENDING CASH BALANCE	<u>\$ 173,145</u>	<u>\$ 220,335</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 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, 2009 and 2008 had balances of \$ 53,121 and \$ 131,953, respectively, is restricted for the construction of a new library. It is funded by donations and grants. Other restricted accounts, which at June 30, 2009 and 2008 had balances of \$ 14,583 and \$ 13,136, 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 primarily of cash and investments. The Library maintains its cash in several commercial banks that are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000 per commercial bank. Cash may at times exceed the federal insured limits. The Library's investments are held by brokers.

NOTE E - COMMITMENTS AND CONTINGENCIES

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 \$ 3,890,913 (net of change orders of \$ 94,087). At June 30, 2009, \$ 2,113,461 remains to be paid, contingent upon satisfactory performance.

NOTE F - LONG-TERM DEBT

The Library secured a construction loan on December 18, 2008 with Wilmington Trust Company, which provides for short-term borrowings of up to \$ 800,000 to complete the new Seaford District Library project. Borrowings on this note are secured by building and land. Interest on advances is payable on the first day of the month during the construction period (twelve months) at the bank's national commercial rate, with a minimum of 4%. This interest rate was 4% at June 30, 2009. After the construction period, principal and interest are payable in forty-eight consecutive monthly installments. The balance outstanding on this construction loan at June 30, 2009 was \$ 49,850.

NOTE G - ENDOWMENT FUND

The Library signed an agreement with the Delaware Community Foundation (DCF) in 2008 to establish the Seaford District Library Endowment Fund, funded initially by a \$ 2,000 grant from the Delaware Division of Libraries. The funds are administered and invested by the DCF, a commingled investment fund for the benefit of the Library. DCF maintains separate subaccounts for each library where distributions are subject to certain restrictions and may not begin until the fund achieves a \$ 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 DCF and the Library. As of June 30, 2009, the balance designated for Seaford District Public Library is \$ 8,953, which is not included in the Statement of Cash Receipts and Disbursements.

NOTE H - SUBSEQUENT EVENT

On July 19, 2009, the Library borrowed an additional \$ 400,000 from their Wilmington Trust Company construction loan. This money is to be used to assist in completing the new Seaford District Library project.

SUPPLEMENTARY INFORMATION

SEAFORD DISTRICT LIBRARY
 INVESTMENTS
 JUNE 30, 2009 (COMPILED)

The Library owns marketable debt and equity securities, which are not included in the statement of cash receipts and disbursements. Investments at June 30, 2009 are as follow:

<u>Broker Holding Investment/Investment Description</u>	<u>Fair Value</u>
Merrill Lynch Mutual Funds	\$ 91,674
Wilmington Brokerage Services - Shattuck Trust	
Equity Securities	97,857
Equity Mutual Funds	11,168
Fixed Income Mutual Funds	<u>146,989</u>
Total Wilmington Brokerage Services - Shattuck Trust	<u>256,014</u>
TOTAL INVESTMENTS	<u><u>\$ 347,688</u></u>

Note: The Shattuck Trust investments are restricted for children's books. The Merrill Lynch investments are not restricted, but require board approval to disburse funds.

BOARD OF COMMISSIONERS

The Commissioners of the Seaford District Library as of June 30, 2009 are:

President	- Mary Ellen Torkelson
Vice-President	- Rose Adams
Treasurer	- Amy Russell
Member	- Dr. John Painter
Member	- Edith Villasenor