

VILLAGE OF ARDEN, INC.
FINANCIAL STATEMENTS
MARCH 24, 2010 AND 2009

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Village of Arden, Inc.
2119 The Highway
Arden, Delaware

We have audited the accompanying general purpose financial statements of Village of Arden, Inc. as of March 24, 2010 and 2009 and for the years then ended. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Arden, Inc. as of March 24, 2010 and 2009 and the results of their operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

June 22, 2010

Corcoran & Associates, P.A.

Within this section of Village of Arden, Inc. annual financial statements, the management provides narrative discussion and analysis of the financial activities of Village of Arden, Inc. for the year ended March 24, 2010. The Villages' financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses primarily on Village of Arden, Inc. general fund.

Financial Highlights

- During the year ended March 24, 2010 Village of Arden, Inc. separated their combined financial reporting between their organization and the Trustees of Arden. As part of the separation, the Trustees allocated \$859,379 of capital assets less \$109,768 of related long-term debt from their general fund for a net distribution of \$749,611. All special revenue funds, with fund balances totaling \$45,599, were also transferred to Village of Arden, Inc. The beginning fund balance of \$370,005 in the Natural Spaces fund was previously segregated and disclosed as an asset under the ownership and direction of Village of Arden, Inc.
- The Village's governmental funds reported total ending fund balances of \$1,200,279 this year. This compares to the prior year ending fund balance (of the combined entities of the Trustees of Arden and Village of Arden, Inc.) of \$1,622,461 showing a decrease of \$422,182 during the current year.
- At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$30,963.
- Total assets of the Village decreased by \$596,733 (of the combined entities of the Trustees of Arden and Village of Arden, Inc.) to \$1,308,102.
- Total liabilities of the Village decreased by \$174,551 (of the combined entities of the Trustees of Arden and Village of Arden, Inc.) to \$107,823 during the fiscal year.
- Capital assets, net of related debt, of \$757,543 include the Sherwood Forest land and was transferred by the Trustees of Arden to Village of Arden, Inc.

Overview of the Financial Statements

Management Discussion and Analysis introduces the Village's financial statements. The financial statements include (1) fund financial statements, (2) statement of expenses - general fund - budget and actual, and (3) notes to financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives.

The Village has governmental funds, which consist of a general fund and special revenue funds. These funds report fiscal accountability focusing on the use of spendable resources of each fund during the year and balances of spendable resources available at the end of the year.

Budgetary comparison statements are included in the financial statements for the general fund. These statements demonstrate compliance with the Village's adopted and final budget.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Financial Analysis of the Village's Funds

As discussed, governmental funds are reported in the financial statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming requirements. The General Fund reported an ending unreserved fund balance of \$30,963. Special revenue fund balances (deficits) at year end were \$128 for Municipal Street Aid, \$5,847 for the Memorial Garden Fund, \$11,671 for the Lecture Series Fund, \$393,827 for the Natural Spaces Fund and \$300 for the Renovation Fund. The Village Center Fund, reported in 2009 as a special revenue fund with an ending fund deficit of \$951, was merged into the Villages General Fund during the year.

The following table provides a summary of the Village fund balances at March 24:

	Summary of Fund Balances							
	<u>General Fund</u>		<u>Special Revenue Funds</u>		<u>Totals</u>		<u>Amount</u>	<u>%</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Change</u>
Current and other assets	\$ 36,950	627,932	411,773	417,524	448,723	1,045,456	\$ (596,733)	-57.1%
Capital Assets	859,379	859,379	-	-	859,379	859,379	-	0.0%
Total Assets	<u>896,329</u>	<u>1,487,311</u>	<u>411,773</u>	<u>417,524</u>	<u>1,308,102</u>	<u>1,904,835</u>	<u>(596,733)</u>	<u>-57.1%</u>
Liabilities	5,987	170,687	-	1,919	5,987	172,606	(166,619)	-96.5%
Long-term liabilities	101,836	109,768	-	-	101,836	109,768	(7,932)	-7.2%
Total Liabilities	<u>107,823</u>	<u>280,455</u>	<u>-</u>	<u>1,919</u>	<u>107,823</u>	<u>282,374</u>	<u>(174,551)</u>	<u>-103.8%</u>
Fund Balances:								
General Fund, Unreserved	30,963	236,307	-	-	30,963	236,307	(205,344)	-86.9%
Designated Endowment Fund	-	220,938	393,827	-	393,827	220,938	172,889	78.3%
Special Revenue Funds	-	-	17,946	412,548	17,946	412,548	(394,602)	-95.6%
Reserved for restricted purposes	-	-	-	3,057	-	3,057	(3,057)	100.0%
Capital Assets net of related debt	757,543	749,611	-	-	757,543	749,611	7,932	1.1%
Total Fund Balances	<u>\$ 788,506</u>	<u>1,206,856</u>	<u>411,773</u>	<u>415,605</u>	<u>1,200,279</u>	<u>1,622,461</u>	<u>\$ (422,182)</u>	<u>-26.0%</u>

The following table provides a summary of the Village's excess (deficiency) of revenue over expenses for the year ended March 24:

Summary of Excess (Deficiency) of Revenue over Expenses

	<u>General Fund</u>		<u>Special Revenue Funds</u>		<u>Totals</u>		<u>Amount</u>	<u>%</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>Change</u>
Revenues:								
Allotment - State of DE	\$ -	-	-	21,414	-	21,414	\$ (21,414)	-100.0%
Grants - State of DE	14,480	2,343	11	1,000	14,491	3,343	11,148	333.5%
Land rent allocation	159,606	-	-	-	159,606	-	159,606	100.0%
Land Rents	-	566,071	-	-	-	566,071	(566,071)	-100.0%
Installment - Cable right of way	6,960	12,690	-	-	6,960	12,690	(5,730)	-45.2%
Installment - Antenna right of way	5,979	5,749	-	-	5,979	5,749	230	4.0%
Investment income	862	19,829	4,465	2,088	5,327	21,917	(16,590)	-75.7%
Rent and Maintenance payments	23,095	-	-	10,195	23,095	10,195	12,900	126.5%
Bequests	-	220,637	20,000	370,000	20,000	590,637	(570,637)	100.0%
Local donations	9,365	-	4,470	17,918	13,835	17,918	(4,083)	-22.8%
Other income	6,692	2,277	492	750	7,184	3,027	4,157	137.3%
Total Revenues	<u>227,039</u>	<u>829,596</u>	<u>29,438</u>	<u>423,365</u>	<u>256,477</u>	<u>1,252,961</u>	<u>(996,484)</u>	<u>-79.5%</u>
Expenses:								
General	160,387	118,990	34,220	84,550	194,607	203,540	(8,933)	-4.4%
Property taxes	-	350,710	-	-	-	350,710	(350,710)	-100.0%
Administrative	26,806	42,110	-	-	26,806	42,110	(15,304)	-36.3%
Total Expenses	<u>187,193</u>	<u>511,810</u>	<u>34,220</u>	<u>84,550</u>	<u>221,413</u>	<u>596,360</u>	<u>(374,947)</u>	<u>-62.9%</u>
Excess (Deficiency) of Revenues over Expenses	39,846	317,786	(4,782)	338,815	35,064	656,601	(621,537)	-94.7%
Fund Balances, Beginning	-	889,070	370,005	76,790	370,005	965,860	(595,855)	-61.7%
Net Fund Balance transferred From the Trustees of Arden	748,660	-	46,550	-	795,210	-	795,210	
Adjusted Fund Balances, Beginning	<u>748,660</u>	<u>889,070</u>	<u>416,555</u>	<u>76,790</u>	<u>1,165,215</u>	<u>965,860</u>	<u>199,355</u>	<u>20.6%</u>
Fund Balances, Ending	<u>\$ 788,506</u>	<u>1,206,856</u>	<u>411,773</u>	<u>415,605</u>	<u>1,200,279</u>	<u>1,622,461</u>	<u>\$ (422,182)</u>	<u>-26.0%</u>

March 24, 2010

General Fund Budgetary Highlights

The adopted General Fund budgeted expenses for fiscal year 2010 were approximately \$158,000. This was a decrease of approximately \$380,000 over the previous year budget.

Capital Asset and Debt Administration

Capital Asset

The capital asset reported on the Village Balance Sheet is the land known as Sherwood Forest purchased in April, 2004.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with financial laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like additional information, contact the Village Treasurer, at 2119 The Highway, Arden, DE 19810.

**VILLAGE OF ARDEN, INC.
 COMBINED BALANCE SHEETS - GOVERNMENTAL FUND TYPES
 MARCH 31, 2010 AND 2009**

	General Fund	Special Revenue Funds Municipal Street Aid Fund
ASSETS		
Cash	\$ 36,950	128
Investments	-	-
Due from Special Revenue Funds	-	-
Capital Assets		
Land - Sherwood Forest	<u>859,379</u>	<u>-</u>
TOTAL ASSETS	\$ <u>896,329</u>	<u>128</u>
LIABILITIES & FUND EQUITY		
LIABILITIES		
Accounts payable	5,480	-
Deferred revenue	-	-
Payroll taxes payable	507	-
Due to General Fund	-	-
Land rent received in advance		-
Loan payable - Arden Building and Loan (short term)	9,407	
Loan payable - Arden Building and Loan (long term)	<u>92,429</u>	<u>-</u>
Total Liabilities	<u>107,823</u>	<u>-</u>
FUND BALANCES (DEFICITS)		
General fund, Unreserved	30,963	-
Designated Endowment Fund	-	-
Special revenue funds	-	128
Reserves for restricted purposes	-	-
Capital assets net of related debt	<u>757,543</u>	<u>-</u>
Total Fund Balances (Page 7)	<u>788,506</u>	<u>128</u>
TOTAL LIABILITIES & FUND EQUITY	\$ <u>896,329</u>	<u>128</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Special Revenue Funds				Totals (Memorandum Only) March 24,	
Memorial Garden Fund	Lecture Series Fund	Natural Spaces Fund	Renovation Fund	2010	2009
5,847	11,671	393,827	300	448,723	\$ 566,907
-	-	-	-	-	477,068
-	-	-	-	-	1,481
-	-	-	-	859,379	859,379
<u>5,847</u>	<u>11,671</u>	<u>393,827</u>	<u>300</u>	<u>1,308,102</u>	<u>1,904,835</u>
-	-	-	-	5,480	500
-	-	-	-	-	251
-	-	-	-	507	167
-	-	-	-	-	1,481
-	-	-	-	-	170,207
-	-	-	-	9,407	7,932
-	-	-	-	92,429	101,836
-	-	-	-	107,823	282,374
-	-	-	-	30,963	236,307
-	-	393,827	-	393,827	590,944
5,847	11,671	-	300	17,946	42,542
-	-	-	-	-	3,057
-	-	-	-	757,543	749,611
<u>5,847</u>	<u>11,671</u>	<u>393,827</u>	<u>300</u>	<u>1,200,279</u>	<u>1,622,461</u>
<u>5,847</u>	<u>11,671</u>	<u>393,827</u>	<u>300</u>	<u>1,308,102</u>	<u>\$ 1,904,835</u>

VILLAGE OF ARDEN, INC.
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND TYPES
MARCH 31, 2010 AND 2009

	General Fund
REVENUES	
Allotment - State of Delaware	\$ -
Land rentals allocation from Trustees of Arden	159,606
Grants	14,480
Land rentals	-
Installment on sale of cable right of way	6,960
Installment on sale of antenna right of way	5,979
Investment income	862
Rent and Maintenance payments	23,095
Bequests	-
Local donations	9,365
Other income	<u>6,692</u>
TOTAL REVENUES	<u>227,039</u>
EXPENSES (Pages 8-9)	
General	160,387
Property taxes	-
Administrative	<u>26,806</u>
TOTAL EXPENSES	<u>187,193</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	39,846
FUND BALANCES (DEFICITS), ADJUSTED BEGINNING (See Note N)	
General fund, Unreserved	-
Designated Endowment Fund	
Special revenue funds	(4,008)
Reserves for restricted purposes	3,057
Capital assets net of related debt	<u>749,611</u>
FUND BALANCES (DEFICITS), ENDING	<u>\$ 788,506</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Special Revenue Funds					Totals (Memorandum Only)	
Municipal Street Aid Fund	Memorial Garden Fund	Lecture Series Fund	Natural Spaces Fund	Renovation Fund	March 24,	
					2010	2009
-	-	-	-	-	-	\$ 21,414
-	-	-	-	-	159,606	-
11	-	-	-	-	14,491	3,343
-	-	-	-	-	-	566,071
-	-	-	-	-	6,960	12,690
-	-	-	-	-	5,979	5,749
-	-	643	3,822	-	5,327	21,917
-	-	-	-	-	23,095	10,195
-	-	-	20,000	-	20,000	590,637
-	4,170	-	-	300	13,835	17,918
-	224	268	-	-	7,184	3,027
<u>11</u>	<u>4,394</u>	<u>911</u>	<u>23,822</u>	<u>300</u>	<u>256,477</u>	<u>1,252,961</u>
31,334	2,886	-	-	-	194,607	203,540
-	-	-	-	-	-	350,710
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,806</u>	<u>42,110</u>
<u>31,334</u>	<u>2,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,413</u>	<u>596,360</u>
(31,323)	1,508	911	23,822	300	35,064	656,601
-	-	-	-	-	-	147,683
-	-	-	370,005	-	370,005	-
31,451	4,339	10,760	-	-	42,542	76,790
-	-	-	-	-	3,057	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>749,611</u>	<u>741,387</u>
<u>128</u>	<u>5,847</u>	<u>11,671</u>	<u>393,827</u>	<u>300</u>	<u>1,200,279</u>	<u>\$ 1,622,461</u>

VILLAGE OF ARDEN, INC.
STATEMENTS OF EXPENSES - GENERAL FUND
FOR THE YEARS ENDED MARCH 24, 2010 AND 2009

	<u>General</u> <u>Expenses</u>	<u>Administrative</u> <u>Expenses</u>	<u>Totals</u> <u>(Memorandum Only)</u> March 24,	
			<u>2010</u>	<u>2009</u>
Advisory Committee	\$ 80	-	80	\$ 139
Archives, General Fund				
committee expense	1,308	-	1,308	620
Buzz Ware Village Center	-	-	-	8,076
Maintenance and supplies	8,693	-	8,693	1,559
Utilities	9,840	-	9,840	9,170
License, permits and fees	25	-	25	367
Supplies	741	-	741	1,744
Salaries – Maintenance	11,198	-	11,198	7,404
Payroll taxes	1,228	-	1,228	778
Miscellaneous	4,383	-	4,383	1,114
Improvements	10,837	-	10,837	34,727
Grant expenses	-	-	-	2,500
Civic:				
Commons and Forests	48,546	-	48,546	28,979
Grants	-	-	-	1,350
Roads	-	-	-	10,715
Trash collection	53,123	-	53,123	45,043
Playground committee				
expense	21	-	21	2,570
Registration committee expense	267	-	267	-
Safety committee expense	-	-	-	1,400
Salaries - Secretary	-	5,218	5,218	5,520
Salaries – Bookkeeping services	-	1,571	1,571	-
Donations:				
ACRA	1,500	-	1,500	1,500
Arden Library	700	-	700	600
Arden Page	1,500	-	1,500	1,500
Fire Companies	1,600	-	1,600	1,450
Rent - Gild Hall	-	-	-	1,300
Interest expense	4,797	-	4,797	7,991
School and county				
property taxes	-	-	-	350,710
Town expenses	-	-	-	237
Auditing	-	3,000	3,000	5,900
Insurance	-	-	-	9,782
Legal & professional fees	-	-	-	2,174
Office rent	-	-	-	2,436
Operations and fees	-	16,412	16,412	13,386
Payroll taxes	-	605	605	1,352
Salaries – Village				
Secretary	-	-	-	7,080
TOTAL EXPENSES (Page 7)	<u>\$ 160,387</u>	<u>26,806</u>	<u>187,193</u>	<u>\$ 571,173</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**VILLAGE OF ARDEN, INC.
 STATEMENTS OF EXPENSES - SPECIAL REVENUE FUNDS
 FOR THE YEARS ENDED MARCH 24, 2010 AND 2009**

	<u>General Expenses</u>	<u>Administrative Expenses</u>	<u>Totals (Memorandum Only) March 24,</u>	
			<u>2010</u>	<u>2009</u>
MUNICIPAL STREET AID FUND				
Road expense	\$ <u>31,334</u>	<u>-</u>	<u>31,334</u>	\$ <u>21,740</u>
Total (Page 7)	<u>31,334</u>	<u>-</u>	<u>31,334</u>	<u>21,740</u>
MEMORIAL GARDEN FUND				
Memorial Garden expenses (Page 7)	<u>2,886</u>	<u>-</u>	<u>2,886</u>	<u>3,179</u>
LECTURE SERIES FUND				
Lecture Series expenses (Page 7)	\$ <u>-</u>	<u>-</u>	<u>-</u>	\$ <u>268</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
STATEMENT OF EXPENSES - BUDGET & ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 24, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Advisory Committee	\$ 300	80	\$ 220
Archives, General Fund committee expense	1,440	1,308	132
Board of Assessors	50	-	50
Buzz Ware Village Center	7,000	-	7,000
Maintenance and supplies	-	8,693	(8,693)
Utilities	-	9,840	(9,840)
License, permits and fees	-	25	(25)
Supplies	-	741	(741)
Salaries – Maintenance	-	11,198	(11,198)
Payroll taxes	-	1,228	(1,228)
Miscellaneous	-	4,383	(4,383)
Improvements	-	10,837	(10,837)
Civic:			
Commons and Forests	42,000	48,546	(6,546)
Grants	-	-	-
Roads	-	-	-
Trash collection	48,000	53,123	(5,123)
Community planning:			
General budget	1,000	-	1,000
Forest Committee	5,000	-	5,000
Playground committee expense	3,000	21	2,979
Registration committee expense	1,000	267	733
Safety committee expense	2,000	-	2,000
Contingencies	8,000	2,837	5,163
Office Construction	8,000	8,000	-
Donations:			
ACRA	1,500	1,500	-
Arden Library	700	700	-
Arden Page	1,500	1,500	-
Fire Companies	1,600	1,600	-
Rent - Gild Hall	1,300	-	1,300
Interest expense	10,714	4,796	5,918
School and county property taxes	-	-	-
Town expenses	-	-	-
Auditing	5,450	4,571	879
Insurance	-	-	-
Legal & professional fees	-	-	-
Office rent	-	-	-
Operations and fees	4,000	5,576	(1,576)
Payroll taxes	800	605	195
Salaries – Village Secretary	<u>5,252</u>	<u>5,218</u>	<u>34</u>
TOTAL	<u>\$ 159,606</u>	<u>187,193</u>	<u>\$ (27,587)</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
STATEMENT OF EXPENSES - BUDGET & ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 24, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Advisory Committee	\$ 300	139	\$ 161
Archives, General Fund committee expense	1,440	620	820
Board of Assessors	75	-	75
Buzz Ware Village Center	6,500	8,076	(1,576)
Maintenance and supplies	-	1,559	(1,559)
Utilities	-	9,170	(9,170)
License, permits and fees	-	367	(367)
Supplies	-	1,744	(1,744)
Salaries – Maintenance	-	7,404	(7,404)
Payroll taxes	-	778	(778)
Miscellaneous	-	1,114	(1,114)
Improvements	-	34,727	(34,727)
Grant expenses	-	2,500	(2,500)
Civic:			
Commons and Forests	30,000	28,979	1,021
Grants	-	1,350	(1,350)
Roads	13,000	10,715	2,285
Trash collection	48,000	45,043	2,957
Community planning:			
General budget	1,600	-	1,600
Playground committee expense	3,000	2,570	430
Registration committee expense	1,000	-	1,000
Safety committee expense	4,400	1,400	3,000
Salaries - Secretary	5,004	5,520	(516)
Contingencies	3,000	-	3,000
Donations:			
ACRA	1,500	1,500	-
Arden Library	650	600	50
Arden Page	1,500	1,500	-
Fire Companies	1,600	1,450	150
Rent - Gild Hall	1,300	1,300	-
Interest expense	7,991	7,991	-
School and county property taxes	348,627	350,710	(2,083)
Town expenses	300	237	63
Auditing	5,500	5,900	(400)
Insurance	11,000	9,782	1,218
Legal & professional fees	13,000	2,174	10,826
Office rent	2,520	2,436	84
Operations and fees	17,250	13,386	3,864
Payroll taxes	1,292	1,352	(60)
Salaries - Administrative assistant	<u>7,308</u>	<u>7,080</u>	<u>228</u>
TOTAL	<u>\$ 538,657</u>	<u>571,173</u>	<u>\$ (32,516)</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2010**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Arden, Inc. conform to generally accepted accounting principles, as applicable to governmental units.

Basis of Presentation

The accounts of Village of Arden, Inc. are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. The following fund types are used by Village of Arden, Inc:

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of Village of Arden, Inc. and accounts for all revenues and expenses of Village of Arden, Inc. not encompassed within other funds. All land rent revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Real estate taxes and general operating expenses that are not paid through other funds are paid from the general fund.

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of specific revenue sources of Village of Arden, Inc. that are restricted to expenses for specified purposes.

Basis of Accounting

The general purpose financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses are recorded when the related fund liability is incurred.

Reporting Entity

Village of Arden, Inc. is the basic level of government which has financial accountability and control over all activities related to Village of Arden, Inc. in Arden, Delaware.

Budget

Village of Arden, Inc. is required to adopt an annual budget for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in Village of Arden, Inc.'s financial position and operations.

NOTE B - CASH

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash." At March 24, 2010, the carrying amount of deposits was \$448,723 and the bank balances totaled \$451,016. At March 24, 2009, the carrying amount of deposits was \$566,907 and the bank balances totaled \$576,544.

NOTE C - INVESTMENTS

Investments of Village of Arden, Inc. at March 24 consist of the following:

	<u>2010</u>	<u>2009</u>
Stock (0 shares - 2010; 1,739.6298 shares - 2009) - Arden Building and Loan Association (at cost, which approximates market value); redeemable at any time (60-day notice may be required); current dividend - 5.75% payable in June and December.	\$ -	\$173,964
Mutual Fund (0 shares - 2010; 220,815.17 shares - 2009) - Vanguard Prime Money Market Fund (at cost, which equals market value) redeemable at any time; current dividend rate - 0.82%	-	220,815
Mutual Fund (0 shares - 2010; 39,110.43 shares - 2009) - Vanguard Federal Money Market Fund (at cost, which equals market value) redeemable at any time; current dividend rate - 0.64%	<u>-</u>	<u>39,110</u>
Total	\$ <u>-</u>	\$ <u>433,889</u>

Investments of the Village Center Fund at March 24 consist of the following:

	<u>2010</u>	<u>2009</u>
Stock - (0 shares - 2010; 5.3787 shares - 2009) - Arden Building and Loan Association (at cost, which approximates market value); redeemable at any time (60-day notice may be required); current dividend - 5.75% payable in June and December	\$ <u>-</u>	\$ <u>538</u>

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2010**

NOTE C - INVESTMENTS (Continued)

Investments of the Municipal Street Aid Fund at March 24 consist of the following:

	<u>2010</u>	<u>2009</u>
Mutual Fund - (0 shares - 2010; 31,612.76 shares - 2009) - Vanguard Treasury Money Market Fund (at cost, which equals market value); redeemable at any time; current dividend rate – 0.27%	\$ <u> - </u>	\$ <u> 31,613 </u>

Investments of the Lecture Series Fund at March 24 consist of the following:

	<u>2010</u>	<u>2009</u>
Stock - (0 shares - 2010; 110.2785 shares - 2009) - Arden Building and Loan Association (at cost, which approximates market value); redeemable at any time (60 day notice may be required); current dividend - 5.75% payable in June and December	\$ <u> - </u>	\$ <u> 11,028 </u>

NOTE D – CAPITAL ASSET – SHERWOOD FOREST

In April, 2004, Village of Arden, Inc. purchased the 5.02 acres of land known as Sherwood Forest, 2029 E. Marsh Road, Wilmington, Delaware from Avery Development Company for \$850,000. The purchase was funded by contributions from residents of Arden, grants from the State of Delaware and New Castle County, and a loan from the Arden Building and Loan Association.

NOTE E - LAND RENTS

Village of Arden land rent is levied and collected by the Trustees of Arden each March 25 on the full rental value of each individual leasehold in the Village. The full rental value is based upon the amount required to pay county and school taxes levied by outside taxing authorities, the amount required to maintain the community standard of living and the amount needed to maintain a prudent reserve to insure community expenditures. The value is affected by the general location of the leasehold, and by certain specific location factors. During the year ended March 24, 2010, land rent revenue of \$159,606 was allocated to Village of Arden, Inc. from the Trustees of Arden for general operations.

Land rents are due on March 25 and become past due on April 25. Past due land rents are assessed a one percent penalty on the 25th of each month until paid.

NOTE F - DEFERRED REVENUE

During the year ended March 24, 2008, Village of Arden, Inc. received a \$950 grant from the State of Delaware Department of Natural Resources & Environment Control - Division of Parks and Recreation. This grant is to be used solely for trail maintenance activities. At March 24, 2009, \$251 from this grant remained unexpended. The remaining funds were spent during the year ended March 24, 2010.

Total deferred revenue is \$-0- and \$251 as of March 24, 2010 and 2009, respectively.

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2010**

NOTE G - LOAN PAYABLE - ARDEN BUILDING AND LOAN ASSOCIATION

In April, 2004 the Trustees of Arden and Village of Arden, Inc. obtained financing in the amount of \$150,000 from the Arden Building and Loan Association for the purchase of 5.02 acres of land known as Sherwood Forest. The loan is secured by the municipal income of Village of Arden, Inc. or any other unencumbered income. The loan is payable in monthly installments of \$1,349 including interest at the rate of 7% per annum, and matures May 1, 2019.

The total balance due on this loan is \$101,836 as of March 24, 2010. Interest expense for the years ended March 24, 2010 and 2009 was \$4,797 and \$7,991, respectively.

NOTE H - MUNICIPAL STREET AID FUND

Revenue for this fund consists of a grant received from the State of Delaware. This grant is used for the general maintenance of the Village's roads.

Receipts for the years ended March 24 consist of the following:

	<u>2010</u>	<u>2009</u>
Municipal Street Aid Fund - state	\$ <u> - </u>	\$ <u>21,414</u>

NOTE I – MEMORIAL GARDEN FUND

This fund was established to support the expenses of maintaining the Arden Memorial Garden. It is funded by the donations of local residents.

NOTE J - LECTURE SERIES FUND

This fund was established to support the expenses of lecture series. Funding for the lecture series will come from dividends on the initial donation of \$10,000.

NOTE K - NATURAL SPACES FUND

Revenue for this fund was received from a bequest according to will of an Arden resident. Funds in the amount of \$20,000 and \$370,000 were received during the fiscal years ending March 24, 2010 and 2009, respectively. The bequest was received with the specific request that the funds be used for the preservation and care of the natural spaces within Village of Arden, Inc.

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2010**

NOTE L - CONCENTRATION OF CREDIT RISK

Village of Arden, Inc. place their cash and temporary cash investments with high quality financial institutions. At times such cash balances may be in excess of FDIC insurance limits.

NOTE M - BEQUESTS

During the fiscal year ending March 24, 2009 Village of Arden, Inc. received a bequest from the Estate of Johanne Schroeder, an Arden resident.

Village of Arden, Inc. received a bequest, the residuary of Johanne Schroeder's estate, in the amount of \$370,000 during the fiscal year ending March 24, 2009. An additional \$20,000 was received during the fiscal year ending March 24, 2010. These funds were restricted by the will of Johanne Schroeder to be used for the preservation and care of natural spaces within Village of Arden, Inc. (See Note L).

NOTE N - FUND BALANCE ADJUSTMENTS

During the year ended March 24, 2010 Village of Arden, Inc. separated their combined financial reporting between their organization and the Trustees of Arden. As part of the separation, the Trustees allocated \$859,379 of capital assets less \$109,768 of related long-term debt from their general fund for a net transfer of \$749,611. All special revenue funds, with fund balances totaling \$45,599 were also transferred to Village of Arden, Inc.

	General Fund			Special Revenue Fund					Total Special Revenue Funds
	Trustees		Total	Municipal	Village	Memorial	Lecture	Natural	
	General Fund	Designated Endowment	General Fund	Street Aid Fund	Center Fund	Garden Fund	Series Fund	Spaces Fund	
Beginning Fund Balance	\$ -	-	-	-	-	-	-	370,005	\$ 370,005
Transfer of cash from the Trustees of Arden	-	-	-	31,451	(951)	4,339	10,760	-	45,599
Transfer of capital asset net of related debt from Trustees of Arden	749,611	-	749,611	-	-	-	-	-	-
Merger of Village Center Fund into General Fund	(951)*	-	(951)*	-	951*	-	-	-	951*
Net Fund Balance transfer	<u>748,660</u>	<u>-</u>	<u>749,611</u>	<u>31,451</u>	<u>-</u>	<u>4,339</u>	<u>10,760</u>	<u>-</u>	<u>46,550</u>
Adjusted Beginning Fund Balance	<u>\$ 748,660</u>	<u>-</u>	<u>749,611</u>	<u>31,451</u>	<u>-</u>	<u>4,339</u>	<u>10,760</u>	<u>370,005</u>	<u>\$ 416,555</u>

*The Village Center Fund, reported in 2009 as a special revenue fund with an ending fund deficit of \$951, was merged into the Villages General Fund during the year.