

VILLAGE OF ARDEN, INC.
FINANCIAL STATEMENTS
MARCH 24, 2011 AND 2010

**VILLAGE OF ARDEN, INC.
FINANCIAL STATEMENTS
MARCH 24, 2011 AND 2010**

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS.....	2-5
COMBINED BALANCE SHEETS - GOVERNMENTAL FUND TYPES	6
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES.....	7
STATEMENTS OF EXPENSES - GENERAL FUND.....	8
STATEMENTS OF EXPENSES - SPECIAL REVENUE FUNDS.....	9
STATEMENT OF EXPENSES - BUDGET & ACTUAL - GENERAL FUND FOR THE YEAR ENDED MARCH 24, 2011	10
STATEMENT OF EXPENSES - BUDGET & ACTUAL - GENERAL FUND FOR THE YEAR ENDED MARCH 24, 2010.....	11
NOTES TO FINANCIAL STATEMENTS	12-15

CORCORAN & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 108, RIDGELY BUILDING, CONCORD PLAZA
3519 SILVERSIDE ROAD, WILMINGTON, DELAWARE 19810
TELEPHONE: (302) 478-9515 FAX: (302) 478-0262

WEST CHESTER, PENNSYLVANIA
TELEPHONE: (610) 696-5439

MEMBERS
AMERICAN INSTITUTE OF CPA'S
DELAWARE SOCIETY OF CPA'S
PENNSYLVANIA INSTITUTE OF CPA'S

<http://www.corcoranpcpa.com>

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, 2011 and 2010 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, 2011 and 2010 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.

July 15, 2011

Corcoran & Associates, P.A.

CORCORAN & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 108, RIDGELY BUILDING, CONCORD PLAZA
3519 SILVERSIDE ROAD, WILMINGTON, DELAWARE 19810
TELEPHONE: (302) 478-9515 FAX: (302) 478-0262

WEST CHESTER, PENNSYLVANIA
TELEPHONE: (610) 696-5439

MEMBERS
AMERICAN INSTITUTE OF CPA'S
DELAWARE SOCIETY OF CPA'S
PENNSYLVANIA INSTITUTE OF CPA'S

<http://www.corcoran CPA.com>

MANAGEMENT DISCUSSION AND ANALYSIS March 24, 2011

VILLAGE OF ARDEN, INC.

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, 2011. 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 \$1,237,557 this year. This compares to the prior year ending fund balance of \$1,200,279 showing an increase of \$37,278 during the current year.
- At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$41,617.
- Total assets of the Village increased by \$28,136 to \$1,336,238.
- Total liabilities of the Village decreased by \$9,142 to \$98,681 during the fiscal year.

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 \$41,617. Special revenue fund balances at year end were \$14,244 for Municipal Street Aid, \$6,091 for the Memorial Garden Fund, \$12,342 for the Lecture Series Fund, \$395,167 for the Natural Spaces Fund and \$1,146 for the Renovation Fund.

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change</u>
Current and other assets	\$ 47,869	36,950	428,990	411,773	476,859	448,723	28,136	6.3%
Capital Assets	859,379	859,379	-	-	859,379	859,379	-	-
Total Assets	<u>907,248</u>	<u>896,329</u>	<u>428,990</u>	<u>411,773</u>	<u>1,336,238</u>	<u>1,308,102</u>	<u>28,136</u>	<u>6.3%</u>
Liabilities	16,339	5,987	-	-	16,339	5,987	10,352	172.9%
Long-term liabilities	82,342	101,836	-	-	82,342	101,836	(19,494)	-19.1%
Total Liabilities	<u>98,681</u>	<u>107,823</u>	<u>-</u>	<u>-</u>	<u>98,681</u>	<u>107,823</u>	<u>(9,142)</u>	<u>-153.8%</u>
Fund Balances:								
General Fund, Unreserved	41,617	30,963	-	-	41,617	30,963	10,654	34.4%
Designated Endowment Fund	-	-	395,167	393,827	395,167	393,827	1,340	0.3%
Special Revenue Funds	-	-	33,823	17,946	33,823	17,946	15,877	88.5%
Capital Assets net of related debt	766,950	757,543	-	-	766,950	757,543	9,407	1.2%
Total Fund Balances	<u>\$ 808,567</u>	<u>788,506</u>	<u>428,990</u>	<u>411,773</u>	<u>1,237,557</u>	<u>1,200,279</u>	<u>37,278</u>	<u>3.1%</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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>Change</u>
Revenues:								
Grants - State of DE	\$ 10,447	14,480	14,116	11	24,563	14,491	10,072	69.5%
Land rent allocation	165,000	159,606	-	-	165,000	159,606	5,394	3.4%
Installment - Cable right of way	6,218	6,960	-	-	6,218	6,960	(742)	-10.7%
Installment - Antenna right of way	7,760	5,979	-	-	7,760	5,979	1,781	29.8%
Investment income	629	862	2,011	4,465	2,640	5,327	(2,687)	-50.4%
Rent and Maintenance payments	22,256	23,095	4,762	-	27,018	23,095	3,923	17.0%
Bequests	-	-	-	20,000	-	20,000	(20,000)	-100.00%
Local donations	3,475	9,365	5,898	4,470	9,373	13,835	(4,462)	-32.3%
Other income	568	6,692	1,292	492	1,860	7,184	(5,324)	-74.1%
Total Revenues	<u>216,353</u>	<u>227,039</u>	<u>28,079</u>	<u>29,438</u>	<u>244,432</u>	<u>256,477</u>	<u>(12,045)</u>	<u>-4.7%</u>
Expenses:								
General	169,299	160,387	10,862	34,220	180,161	194,607	(14,446)	-7.4%
Administrative	26,993	26,806	-	-	26,993	26,806	187	-.3%
Total Expenses	<u>196,292</u>	<u>187,193</u>	<u>10,862</u>	<u>34,220</u>	<u>207,154</u>	<u>221,413</u>	<u>(14,259)</u>	<u>-6.4%</u>
Excess (Deficiency) of Revenues over Expenses	20,061	39,846	17,217	(4,782)	37,278	35,064	2,214	6.3%
Fund Balances, Beginning	<u>788,506</u>	-	<u>411,773</u>	<u>370,005</u>	<u>1,200,279</u>	<u>370,005</u>	<u>830,274</u>	<u>224.4%</u>
Net Fund Balance transferred From the Trustees of Arden	-	748,660	-	46,550	-	795,210	(795,210)	-100.00%
Adjusted Fund Balances, Beginning	<u>788,506</u>	<u>748,660</u>	<u>411,773</u>	<u>416,555</u>	<u>1,200,279</u>	<u>1,165,215</u>	<u>35,064</u>	<u>3.0%</u>
Fund Balances, Ending	<u>\$ 808,567</u>	<u>\$ 788,506</u>	<u>428,990</u>	<u>411,773</u>	<u>1,237,557</u>	<u>1,200,279</u>	<u>37,278</u>	<u>3.1%</u>

General Fund Budgetary Highlights

The adopted General Fund budgeted expenses for fiscal year 2011 were approximately \$224,000. This was an increase of approximately \$65,000 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 24, 2011 AND 2010**

	General <u>Fund</u>
ASSETS	
Cash	\$ 46,030
Undeposited Funds	1,839
Capital Assets	
Land - Sherwood Forest	<u>859,379</u>
TOTAL ASSETS	\$ <u>907,248</u>
LIABILITIES & FUND EQUITY	
LIABILITIES	
Accounts payable	5,971
Payroll taxes payable	281
Loan payable - Arden Building and Loan (short term)	10,087
Loan payable - Arden Building and Loan (long term)	<u>82,342</u>
Total Liabilities	<u>98,681</u>
FUND BALANCES (DEFICITS)	
General fund, Unreserved	41,617
Designated Endowment Fund	-
Special revenue funds	-
Capital assets net of related debt	<u>766,950</u>
Total Fund Balances (Page 7)	<u>808,567</u>
TOTAL LIABILITIES & FUND EQUITY	\$ <u>907,248</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,	
					2011	2010
14,244	6,091	12,342	395,167	1,146	475,020	\$ 448,723
-	-	-	-	-	1,839	-
-	-	-	-	-	859,379	859,379
<u>14,244</u>	<u>6,091</u>	<u>12,342</u>	<u>395,167</u>	<u>1,146</u>	<u>1,336,238</u>	<u>1,308,102</u>
-	-	-	-	-	5,971	5,480
-	-	-	-	-	281	507
-	-	-	-	-	10,087	9,407
-	-	-	-	-	<u>82,342</u>	<u>92,429</u>
-	-	-	-	-	<u>98,681</u>	<u>107,823</u>
-	-	-	-	-	41,617	30,963
-	-	-	395,167	-	395,167	393,827
14,244	6,091	12,342	-	1,146	33,823	17,946
-	-	-	-	-	<u>766,950</u>	<u>757,543</u>
<u>14,244</u>	<u>6,091</u>	<u>12,342</u>	<u>395,167</u>	<u>1,146</u>	<u>1,237,557</u>	<u>1,200,279</u>
<u>14,244</u>	<u>6,091</u>	<u>12,342</u>	<u>395,167</u>	<u>1,146</u>	<u>1,336,238</u>	<u>\$ 1,308,102</u>

VILLAGE OF ARDEN, INC.
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUND TYPES
MARCH 24, 2011 AND 2010

	General Fund
REVENUES	
Land rentals allocation from Trustees of Arden	\$ 165,000
Grants	10,447
Installment on sale of cable right of way	6,218
Installment on sale of antenna right of way	7,760
Investment income	629
Rent and Maintenance payments	22,256
Bequests	-
Local donations	3,475
Other income	<u>568</u>
TOTAL REVENUES	<u>216,353</u>
EXPENSES (Pages 8-9)	
General	169,299
Administrative	<u>26,993</u>
TOTAL EXPENSES	<u>196,292</u>
EXCESS OF REVENUE OVER EXPENSES	20,061
FUND BALANCES, BEGINNING	
General fund, Unreserved	30,963
Designated Endowment Fund	-
Special revenue funds	-
Reserves for restricted purposes	-
Capital assets net of related debt	<u>757,543</u>
FUND BALANCES, ENDING	<u>\$ 808,567</u>

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

Special Revenue Funds					Totals (Memorandum Only) March 24,	
Municipal Street Aid Fund	Memorial Garden Fund	Lecture Series Fund	Natural Spaces Fund	Renovation Fund	2011	2010
-	-	-	-	-	165,000	\$ 159,606
14,116	-	-	-	-	24,563	14,491
-	-	-	-	-	6,218	6,960
-	-	-	-	-	7,760	5,979
-	-	671	1,340	-	2,640	5,327
-	-	-	-	4,762	27,018	23,095
-	-	-	-	-	-	20,000
-	4,836	-	-	1,062	9,373	13,835
-	-	-	-	1,292	1,860	7,184
<u>14,116</u>	<u>4,836</u>	<u>671</u>	<u>1,340</u>	<u>7,116</u>	<u>244,432</u>	<u>256,477</u>
-	4,592	-	-	6,270	180,161	194,607
-	-	-	-	-	26,993	26,806
-	<u>4,592</u>	-	-	<u>6,270</u>	<u>207,154</u>	<u>221,413</u>
14,116	244	671	1,340	846	37,278	35,064
-	-	-	-	-	30,963	-
-	-	-	393,827	-	393,827	370,005
128	5,847	11,671	-	300	17,946	42,542
-	-	-	-	-	-	3,057
-	-	-	-	-	757,543	749,611
<u>14,244</u>	<u>6,091</u>	<u>12,342</u>	<u>395,167</u>	<u>1,146</u>	<u>1,237,557</u>	<u>\$ 1,200,279</u>

**VILLAGE OF ARDEN, INC.
STATEMENTS OF EXPENSES - GENERAL FUND
FOR THE YEARS ENDED MARCH 24, 2011 AND 2010**

	<u>General Expenses</u>	<u>Administrative Expenses</u>	<u>Totals (Memorandum Only)</u> March 24,	
			<u>2011</u>	<u>2010</u>
Advisory Committee	\$ 120	-	120	\$ 80
Archives, General Fund committee expense	-	1,325	1,325	1,308
Buzz Ware Village Center				
Maintenance and supplies	2,715	-	2,715	8,693
Utilities	12,121	-	12,121	9,840
License, permits and fees	152	-	152	25
Supplies	925	-	925	741
Salaries – Maintenance	9,990	-	9,990	11,198
Payroll taxes	991	-	991	1,228
Miscellaneous	165	-	165	4,383
Improvements	962	-	962	10,837
Grant expenses	884	-	884	-
Civic:				
Forests	5,250	-	5,250	48,546
Roads	47,674	-	47,674	-
Trash collection	66,760	-	66,760	53,123
Playground committee expense	4,268	-	4,268	21
Safety committee expense	14	-	14	267
Salaries - Secretary	-	5,252	5,252	5,218
Salaries - Bookkeeping services	-	5,209	5,209	1,571
Donations:				
ACRA	1,500	-	1,500	1,500
Arden Library	700	-	700	700
Arden Page	1,500	-	1,500	1,500
Fire Companies	1,600	-	1,600	1,600
Interest expense	6,663	-	6,663	4,797
Auditing	-	8,025	8,025	3,000
Legal & professional fees	-	6,112	6,112	-
Operations and fees	4,345	-	4,345	16,412
Payroll taxes	-	<u>1,070</u>	<u>1,070</u>	<u>605</u>
TOTAL EXPENSES (Page 7)	<u>\$ 169,299</u>	<u>26,993</u>	<u>196,292</u>	<u>\$ 187,193</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, 2011 AND 2010**

	<u>General Expenses</u>	<u>Property Taxes</u>	<u>Administrative Expenses</u>	<u>Totals (Memorandum Only) March 24,</u>	
				<u>2011</u>	<u>2010</u>
MUNICIPAL STREET AID FUND					
Road expense	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>31,334</u>
Total (Page 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,334</u>
MEMORIAL GARDEN FUND					
Memorial Garden expenses (Page 7)	<u>4,592</u>	<u>-</u>	<u>-</u>	<u>4,592</u>	<u>2,886</u>
RENOVATION FUND					
Maintenance and supplies	470	-	-	470	-
Improvements	4,293	-	-	4,293	-
Program expenses	<u>1,507</u>	<u>-</u>	<u>-</u>	<u>1,507</u>	<u>-</u>
	\$ <u>6,270</u>	<u>-</u>	<u>-</u>	<u>6,270</u>	\$ <u>-</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, 2011

	<u>Budget</u>	<u>Actual</u>	Variable Favorable <u>(Unfavorable)</u>
Archives, General Fund committee expense	\$ 1,440	1,325	115
Buzz Ware Village Center			
Maintenance and supplies	4,000	2,715	1,285
Utilities	10,172	12,121	(1,949)
License, permits and fees	150	152	(2)
Supplies	917	925	(8)
Salaries – Maintenance	12,848	9,990	2,858
Payroll taxes	1,285	991	294
Miscellaneous	630	165	465
Improvements	1,000	962	38
Grant expenses	2,800	884	1,916
Civic:			
Forest	8,000	5,250	2,750
Roads	50,000	47,674	2,326
Trash collection	58,100	66,760	(8,660)
Committee:			
Advisory	300	120	180
Assessors	50	-	50
Buzz ware	7,000	-	7,000
Registration	1,000	-	1,000
Safety	2,000	14	1,986
Community planning	1,000	-	1,000
Playground	3,000	4,268	(1,268)
Salaries - Secretary	5,252	5,252	-
Salaries - Treasurer	5,252	5,209	43
Donations:			
ACRA	1,500	1,500	-
Arden Library	700	700	-
Arden Page	1,500	1,500	-
Fire Companies	1,600	1,600	-
Interest expense	16,176	6,663	9,513
Auditing	9,400	8,025	1,375
Legal & professional fees	-	6,112	(6,112)
Office rent	1,300	-	1,300
Operations and fees	4,250	4,345	(95)
Payroll taxes	1,680	1,070	610
Contingency	9,500	-	9,500
TOTAL	<u>\$ 223,802</u>	<u>196,292</u>	<u>27,510</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)
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
Auditing	5,450	4,571	879
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.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2011**

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, 2011

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, 2011, the carrying amount of deposits was \$475,747 and the bank balances totaled \$480,583. At March 24, 2010, the carrying amount of deposits was \$448,723 and the bank balances totaled \$451,016.

NOTE C - CAPITAL ASSET – SHERWOOD FOREST

In April, 2004, Village of Arden, Inc. purchased the 5.02 acres of land known as Sherwood Forest, 209 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 D - 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, 2011, land rent revenue of \$165,000 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 E - 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 \$92,429 as of March 24, 2011. Interest expense for the years ended March 24, 2011 and 2010 was \$6,663 and \$4,797, respectively

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2011**

NOTE F - 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>2011</u>	<u>2010</u>
Municipal Street Aid Fund - state	\$ <u>14,116</u>	\$ <u>-</u>

NOTE G - 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 H - 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 I - NATURAL SPACES FUND

Revenue for this fund was received from a bequest according to will of an Arden resident. Funds in the amount of \$-0- and \$20,000 were received during the fiscal years ending March 24, 2011 and 2010, 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.

NOTE J - 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 K - BEQUESTS

During the fiscal year ending March 24, 2010 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, 2010. An additional \$20,000 was received during the fiscal year ending March 24, 2011. 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).

**VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 24, 2011**

NOTE L - 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					
	Trustees		Total	Municipal	Village	Memorial	Lecture	Natural	Total
	General	Designated	General	Street	Center	Garden	Series	Spaces	Special
	Fund	Endowment	Fund	Fund	Fund	Fund	Fund	Fund	Revenue
									Funds
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>748,660</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>748,660</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.