



VILLAGE OF ARDEN, INC.

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

MARCH 24, 2017



VILLAGE OF ARDEN, INC.

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INDEPENDENT AUDITOR'S REPORT

July 12, 2017

Village of Arden, Inc.
Arden, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Arden, Inc., Arden, Delaware ("the Village") as of and for the year ended March 24, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Village of Arden, Inc.
Arden, Delaware

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Arden, Inc., Arden, Delaware, as of March 24, 2017, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Village has adopted the requirements of GASB Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Village of Arden, Inc.'s 2016 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated June 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 24, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Village of Arden, Inc.
Arden, Delaware

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison statement for the general fund (revenues, operating expenses, and committees) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the budgetary comparison statement for the general fund (revenues, operating expenses, and committees) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the budgetary comparison statement for the general fund (revenues, operating expenses, and committees) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
MARCH 24, 2017**

Introduction

The financial statements of the Village of Arden, Inc. ("the Village"), and narrative overview and analysis of the financial activities of the Village, for the year ended March 24, 2017 are presented herein.

Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities and subsequent changes in the Village's financial position. It also includes currently known facts that may have a significant impact on the Village's financial position now and in the foreseeable future.

The required elements of the external financial report are:

- Management's Discussion and Analysis
- Basic Financial Statements
 - Entity-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the fiscal year by \$1,548,519.

The assets included \$44,329 of cash on hand in the general operating fund, which was available to meet the government's ongoing obligation to citizens and creditors and for spending at the Village's discretion. In addition, the general operating fund recorded an investment balance of \$42,341 at year end. Special revenue funds had a combined ending cash balance of \$216,625 and investment balance of \$325,419.

Revenue in fiscal year 2016 reflected the Village's continued allocation of land rentals and collection of grants from the State of Delaware. For the year ended March 24, 2017, \$150,000 was collected for land rent and \$27,621 in grant income.

Overview of the Financial Statements

The Village's basic financial statements are comprised of three components: 1) entity-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Entity-wide Financial Statements: The entity-wide financial statements provide a broad overview of the Village of Arden's finances in a manner similar to a private-sector business.

VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2017

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

The entity-wide financial statements distinguish functions of the Village that are supported principally by land rental allocations, franchise fees, and grant revenues.

Governmental Activities – All of the Village's basic services are reported in this category. Land rental allocations, franchise fees, grants, and intergovernmental revenues generally support these services. Services provided include general government, public works - highways and streets, sanitation, memorial garden, culture and recreation, and community and economic development.

Fund Financial Statements: The fund financial statements provide detailed information about the general operating and special revenue accounts. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to keep track of specific sources of funding and spending for a particular purpose. All of the funds of the Village can be divided into two categories: general and special revenue.

General Fund – Most of the Village's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year end that are available for future spending. The general fund and special revenue funds are reported in the governmental fund financial statements.

Special Revenue Funds – When the Village receives special revenue through grant and other funding that must be dedicated for certain expenditures, those funds are kept in segregated accounts. All earned interest is posted as income to the appropriate dedicated account. Dedicated grant funded accounts include Municipal Street Aid, Natural Spaces, Capital Maintenance and Repair, Memorial Garden, Lecture Series, Renovation, Buckingham Green Settlement, and the Vacant Dwelling funds.

The governmental fund financial statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, reconciliations are provided to reconcile between the

VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2017

Governmental Funds Balance Sheet and the Statement of Net Position, and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. These funds are reported using the modified accrual basis of accounting, which primarily measures cash and other financial assets usable in the short term.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

Other Information: This information includes combining financial statements for nonmajor governmental funds and the budgetary statement of the general fund, which includes revenues, operating expenses, and committees. The funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the governmental fund financial statements.

Table A-1
Net Position
March 24, 2017 and 2016

	Governmental Activities	
	2017	2016
ASSETS		
Current and other assets	\$ 628,714	\$ 672,479
Capital assets	919,805	880,761
TOTAL ASSETS	\$ 1,548,519	\$ 1,553,240
LIABILITIES		
Current and other liabilities	\$ 30,584	\$ 34,411
Noncurrent liabilities	5,695	20,898
Total Liabilities	36,279	55,309
NET POSITION		
Net investment in capital assets	898,913	845,688
Restricted	418,145	395,860
Unrestricted	195,182	256,383
Total Net Position	1,512,240	1,497,931
TOTAL LIABILITIES AND NET POSITION	\$ 1,548,519	\$ 1,553,240

Changes in Net Position. A schedule of changes in activity is provided on the following page. The Village's combined net position increased by \$14,309.

VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2017

Table A-2
Changes in Net Position
For the Years Ended March 24, 2017 and 2016

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 41,445	\$ 41,438
Operating grants and contributions	38,990	32,542
Capital grant contributions	11,102	8,000
General revenues	198,483	213,169
Total Revenues	<u>290,020</u>	<u>295,149</u>
Expenses		
General government	103,426	62,607
Public works - highways and streets	77,299	98,526
Public works - sanitation	58,495	57,161
Public works - memorial garden	4,963	2,981
Culture and recreation	7,450	5,992
Community and economic development	22,079	31,292
Interest	1,999	2,971
Total Expenses	<u>275,711</u>	<u>261,530</u>
Increase in Net Position	<u>\$ 14,309</u>	<u>\$ 33,619</u>

Financial Analysis of the Village's Funds

Governmental Funds

The net change in the fund balance of the general fund from 2016 to 2017 was a decrease of \$40,642, due to an increase in expenditures in the general fund for capital improvements made to the Village's playground and community center.

The net change in the Village's special revenue funds showed a combined increase of \$1,726. The Natural Spaces Fund and nonmajor funds largely offset with the Natural Spaces Fund increasing \$22,281 and the nonmajor funds decreasing \$20,559.

Budget. All budgets lapse at year end. For 2017, minor budget amendments to several line items were made. Budgeted revenues were revised to increase \$29,317, largely a result of budget increases to franchise fees, land rental allocations, and program service revenues. Budgeted expenses were revised to reflect an increase of \$15,967, largely a result of budget increases to office expenses and program expenses.

VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2017

Capital Asset and Debt Administration. As of March 24, 2017 and 2016, the Village had invested \$859,379 in a tract of land. The land is known as Sherwood Forest and was purchased in April 2004. The purchase of the property was partially financed with a loan in the amount of \$150,000. The total balance due on this loan as of March 24, 2017 and 2016 was \$20,892 and \$35,073, respectively.

The Village's other capital assets consist primarily of a community center building and related improvements, and playground equipment. During fiscal year 2017, the Village made additional improvements to its community center and playground. The current year capital additions totaled \$41,439.

Economic Factors

Arden is a village of 439 residents and approximately 229 households, according to the 2010 U.S. Census. The Village occupies about 160 acres, with half kept as open land.

The Village's housing is primarily single-family residences. There are a few structures dedicated to cultural and recreational activities for the enjoyment of the residents.

Requests for Information

This financial report is designed to provide a general overview of the Village of Arden, Inc.'s finances to the Village's residents and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to the Village Treasurer at 2119 The Highway, Arden, DE 19810.

VILLAGE OF ARDEN, INC.
STATEMENTS OF NET POSITION - GOVERNMENTAL ACTIVITIES
MARCH 24, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
Cash and cash equivalents	\$ 260,954	\$ 412,694
Accounts receivable	-	8,000
Investments	367,760	251,785
Capital assets:		
Land	859,379	859,379
Building improvements, net	35,481	3,900
Equipment, net	24,945	17,482
TOTAL ASSETS	\$ 1,548,519	\$ 1,553,240
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES:		
Accounts payable	\$ 12,406	\$ 16,659
Payroll taxes payable	1,468	646
Accrued wages	1,088	1,066
Deposits for facility rental	425	1,865
Portion due or payable within one year:		
Note payable	15,197	14,175
Portion due or payable after one year:		
Note payable	5,695	20,898
TOTAL LIABILITIES	36,279	55,309
NET POSITION:		
Net investment in capital assets	898,913	845,688
Restricted	418,145	395,860
Unrestricted	195,182	256,383
TOTAL NET POSITION	1,512,240	1,497,931
TOTAL LIABILITIES AND NET POSITION	\$ 1,548,519	\$ 1,553,240

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED MARCH 24, 2017
(With Summarized Comparative Data for the Year Ended March 24, 2016)

	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions		2017	2016
GOVERNMENTAL ACTIVITIES:					
General government	\$ 103,426	\$ -	\$ -	\$ (103,426)	\$ (52,392)
Public works - highways and streets	77,299	16,519	-	(60,780)	(81,940)
Public works - sanitation	58,495	-	-	(58,495)	(57,161)
Public works - memorial garden	4,963	-	-	(4,963)	(2,981)
Culture and recreation	7,450	22,471	11,102	59,757	38,783
Community and economic development	22,079	7,811	-	(14,268)	(20,888)
Interest on loan	1,999	-	-	(1,999)	(2,971)
TOTAL GOVERNMENTAL ACTIVITIES	275,711	41,445	11,102	(184,174)	(179,550)
TOTAL PRIMARY GOVERNMENT	\$ 275,711	\$ 41,445	\$ 11,102	(184,174)	(179,550)
GENERAL REVENUES:					
Land rent				150,000	184,000
Franchise and registration fees				18,805	24,863
Interest and investment income				28,929	4,302
Miscellaneous revenue				749	4
TOTAL GENERAL REVENUES				198,483	213,169
CHANGE IN NET POSITION				14,309	33,619
NET POSITION, BEGINNING OF YEAR				1,497,931	1,464,312
NET POSITION, END OF YEAR				\$ 1,512,240	\$ 1,497,931

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 24, 2017
(With Summarized Comparative Data for March 24, 2016)

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Funds	2017	2016
ASSETS						
Cash and cash equivalents	\$ 44,329	\$ 1,000	\$ 91,726	\$ 123,899	\$ 260,954	\$ 412,694
Accounts receivable	-	-	-	-	-	8,000
Investments	42,341	-	325,419	-	367,760	251,785
TOTAL ASSETS	\$ 86,670	\$ 1,000	\$ 417,145	\$ 123,899	\$ 628,714	\$ 672,479
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 12,406	-	-	-	\$ 12,406	\$ 16,659
Payroll taxes payable	1,468	-	-	-	1,468	646
Accrued wages	1,088	-	-	-	1,088	1,066
Deposits for facility rental	425	-	-	-	425	1,865
TOTAL LIABILITIES	15,387	-	-	-	15,387	20,236
FUND BALANCES:						
Restricted	-	1,000	417,145	-	418,145	395,860
Assigned	-	-	-	123,899	123,899	144,458
Unassigned	71,283	-	-	-	71,283	111,925
TOTAL FUND BALANCES	71,283	1,000	417,145	123,899	613,327	652,243
TOTAL LIABILITIES AND FUND BALANCES	\$ 86,670	\$ 1,000	\$ 417,145	\$ 123,899	\$ 628,714	\$ 672,479

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
MARCH 24, 2017

TOTAL GOVERNMENTAL FUND BALANCE	\$ 613,327
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	919,805
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(20,892)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u><u>\$ 1,512,240</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 24, 2017
(With Summarized Comparative Data for the Year Ended March 24, 2016)

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Funds	2017	2016
REVENUES						
Franchise fees	\$ 17,105	-	\$ -	-	\$ 17,105	\$ 16,563
Governmental grants	-	16,519	-	11,102	27,621	26,801
Interest and investment income	470	-	28,459	-	28,929	4,302
Land rental allocations	138,000	-	-	12,000	150,000	184,000
Local donations	9,043	-	-	13,428	22,471	13,741
Program service revenue	7,811	-	-	-	7,811	10,404
Rent	26,078	-	-	7,556	33,634	31,034
Vacant property registration fees	-	-	-	1,700	1,700	8,300
Miscellaneous revenue	749	-	-	-	749	4
TOTAL REVENUES	<u>199,256</u>	<u>16,519</u>	<u>28,459</u>	<u>45,786</u>	<u>290,020</u>	<u>295,149</u>
EXPENDITURES						
General government	74,632	-	2,933	23,854	101,419	65,434
Public works - highways and streets	60,784	16,515	-	-	77,299	98,526
Public works - sanitation	58,495	-	-	-	58,495	57,161
Public works - memorial garden	-	-	-	4,963	4,963	2,981
Culture and recreation	7,450	-	-	-	7,450	5,992
Community and economic development	16,795	-	500	4,784	22,079	49,847
Capital outlay	8,307	-	-	32,744	41,051	-
Debt service	16,180	-	-	-	16,180	16,180
TOTAL EXPENDITURES	<u>242,643</u>	<u>16,515</u>	<u>3,433</u>	<u>66,345</u>	<u>328,936</u>	<u>296,121</u>
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	2,745	-	(2,745)	-	-	-
NET CHANGE IN FUND BALANCES	<u>(40,642)</u>	<u>4</u>	<u>22,281</u>	<u>(20,559)</u>	<u>(38,916)</u>	<u>(972)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>111,925</u>	<u>996</u>	<u>394,864</u>	<u>144,458</u>	<u>652,243</u>	<u>653,215</u>
FUND BALANCES, END OF YEAR	<u>\$ 71,283</u>	<u>\$ 1,000</u>	<u>\$ 417,145</u>	<u>\$ 123,899</u>	<u>\$ 613,327</u>	<u>\$ 652,243</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 24, 2017

NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (38,916)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$41,439) exceeded depreciation expense (\$2,395). 39,044

The repayment of the principal of the note payable consumes the current resources of governmental funds. This amount is the net effect of the differences in the treatment of these items. 14,181

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 14,309

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED MARCH 24, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Original		
REVENUES				
Franchise fees	\$ 15,100	\$ 23,050	\$ 17,105	\$ (5,945)
Interest	-	-	470	470
Land rental allocations	176,409	201,776	138,000	(63,776)
Local donations	4,000	-	9,043	9,043
Program service revenue	-	12,000	7,811	(4,189)
Rent	43,000	31,000	26,078	(4,922)
Miscellaneous revenue	-	-	749	749
TOTAL REVENUES	<u>238,509</u>	<u>267,826</u>	<u>199,256</u>	<u>(68,570)</u>
EXPENDITURES				
General government:				
Insurance	11,330	11,330	12,258	(928)
Office expenses	27,377	33,627	8,683	24,944
Professional fees	6,700	8,000	11,766	(3,766)
Repairs and maintenance	4,000	4,000	4,223	(223)
Salaries, wages, and payroll taxes	31,331	30,298	32,654	(2,356)
Utilities	5,677	5,677	5,048	629
	<u>86,415</u>	<u>92,932</u>	<u>74,632</u>	<u>18,300</u>
Public works - highways and streets:				
Ground maintenance	29,682	29,682	36,209	(6,527)
Road maintenance	35,453	35,453	24,575	10,878
	<u>65,135</u>	<u>65,135</u>	<u>60,784</u>	<u>4,351</u>
Public works - sanitation:				
Trash services	58,350	58,350	58,495	(145)
Culture and recreation:				
Donations	6,450	6,450	7,450	(1,000)
Capital outlay				
Capital additions	-	-	8,307	(8,307)
Community and economic development:				
Program expenses	10,000	19,450	16,795	2,655
Debt service:				
Principal	13,205	13,205	14,181	(976)
Interest	2,971	2,971	1,999	972
	<u>16,176</u>	<u>16,176</u>	<u>16,180</u>	<u>(4)</u>
Contingency	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>252,526</u>	<u>268,493</u>	<u>242,643</u>	<u>25,850</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	2,745	2,745
NET CHANGE IN FUND BALANCE	<u>\$ (14,017)</u>	<u>\$ (667)</u>	(40,642)	<u>\$ (39,975)</u>
FUND BALANCE, BEGINNING OF YEAR			111,925	
FUND BALANCE, END OF YEAR			<u>\$ 71,283</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village of Arden, Inc. ("the Village") conform in all material respects to generally accepted accounting principles ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are set forth primarily in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification"). The following summarizes the Village's significant accounting policies.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village is considered to be an independent reporting entity and has no component units.

Entity-wide and Fund Financial Statements

The entity-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Village (the primary government). For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Land rent, franchise fees, and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on their use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from special revenue and capital funds. Unrestricted net position consists of accumulated resources that do not meet the definition of "net investment in capital assets" or "restricted."

Entity-wide Financial Statements

The entity-wide financial statements are reported using the economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Fines are recognized as revenue in the year for which they are levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For governmental fund types, the Village considers all revenues to be available if they are collected within 60 days after fiscal year end. Revenues considered susceptible to accrual include franchise taxes, licenses, investment income, and grants associated with the current fiscal year. All other revenue items are considered measurable and available only when cash is received by the Village.

Expenditures are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Village reports the following major governmental funds:

General Fund – to account for all financial resources, except those required to be accounted for in another fund. Revenues for this fund are derived primarily from land rental allocations, franchise fees, and rent of facilities. Some of the important activities accounted for in the general fund are Village operations pertaining to general government and maintenance.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds of the Village are:

Municipal Street Aid – to account for resources used for the general maintenance of the Village's road. Revenue for this fund consists of a grant received from the State of Delaware.

Natural Spaces Fund – to account for resources used for the preservation and care of the natural spaces within the Village. Revenue for this fund was received from a bequest according to the will of an Arden resident. No funds, other than investment income, were received in the fiscal year ended March 24, 2017.

Nonmajor funds include the capital maintenance and repair fund, memorial garden fund, lecture series fund, renovation fund, vacant dwelling fund, and the Buckingham Green Settlement Fund (a fund established as a result of a legal settlement relating to certain land disputes).

Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Village is required to adopt an annual budget for the general fund. Each November, a referendum is held to approve the budget. Ballots are mailed to every eligible voter, and the budget must be approved by a majority vote. The Village has a Budget Committee which organizes past and coming-year village expenditures for presentation to the September Town Assembly. It also prepares a three-year projection for the March Assembly. The September report forms the basis of the annual budget referendum. To prepare reports, committee members communicate with the other standing committees, the Town Secretary, Treasurer, and the Trustees.

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP.
- The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
- Budgets lapse at the end of the fiscal year.

Cash and Cash Equivalents

For financial reporting purposes, cash and cash equivalents includes investments in money market funds.

Method Used to Value Investments

Investments are recorded at fair value.

In establishing the fair value of investments, the Village uses the following hierarchy. The lowest available level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Property, Equipment, and Depreciation

Property and equipment are stated at cost if purchased. Donated facilities and equipment are recorded at their fair market value at the date of receipt. When such assets are sold or otherwise disposed of, the costs and accumulated depreciation are removed from their respective accounts, and any gain or loss on such disposition is recognized in the statement of activities. Acquisitions of property and equipment in excess of \$1,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

Building and improvements	20 years
Equipment	20 years

Collections of Artwork

The Village maintains a small collection of various artwork that is displayed throughout the Village's common areas. As this collection is held for the enjoyment of its residents, and not for financial gain, it is not capitalized in the financial statements.

Net Position and Fund Equity

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Trustees. The Trustees are the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through approved resolutions.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Village Treasurer has the authority to assign fund balance for future specific purposes.

Unassigned – all other spendable amounts.

Long-term Liabilities

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Village's financial statements for the year ended March 24, 2016, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended March 24, 2017, the Village implemented GASB Statement No. 72, "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value investments, and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The new disclosures required by GASB Statement No. 72 are included in Notes 1 and 2 to the financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. At March 24, 2017, the carrying amount of the Village's deposits was \$260,954, and the bank balance was \$260,954 (which included \$164,436 in certificates of deposit with maturities less than one year). At March 24, 2017, all of the bank balance was insured under FDIC insurance.

Investments

The Village's investment policy in regard to the allocation of invested assets is established and may be amended by the Treasurer or the Investment Committee. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

portfolio in order to maintain or increase the fund's principal over the long term while providing sufficient annual yield to fund specific granted projects. The Village's formal investment provides more comprehensive details on investment strategy and authorized investments.

The investment objective is to maintain a balanced portfolio comprised of cash, fixed income, and exchange-traded funds that invest in a variety of securities. As of March 24, 2017, the Village's investments consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market	\$ 4,138	\$ 4,138	\$ -
Private equities	42,341	-	42,341
Domestic bond funds	115,857	115,857	-
International bond funds	17,581	17,581	-
Domestic stock ETFs	147,622	147,622	-
International market ETFs	40,221	40,221	-
TOTAL	\$ 367,760	\$ 325,419	\$ 42,341

Investments in external investment pools, such as those in exchange-traded funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form. At March 24, 2017, the Village's fixed income investments had the following risk characteristics:

<u>Investment Type</u>	<u>Portfolio Rating</u>	<u>Rating Source</u>	<u>Investment Value</u>
Domestic bond funds	2 - 4 stars	Morningstar	\$ 115,857
International bond funds	4 stars	Morningstar	17,581
Total fixed income securities			\$ 133,438

NOTE 3 CAPITAL ASSETS

In April 2004, the Village purchased the 5.02 acres of land known as the Sherwood Forest Annex, 2029 East Marsh Road, Wilmington, Delaware from Avery Development Company for \$859,379. 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.

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

The capital asset activity for the year ended March 24, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 859,379	\$ -	\$ -	\$ 859,379
Total Capital Assets Not Being Depreciated	<u>859,379</u>	<u>-</u>	<u>-</u>	<u>859,379</u>
Capital assets being depreciated:				
Buildings and improvements	4,000	32,736	-	36,736
Equipment	17,555	8,703	-	26,258
Total Capital Assets Being Depreciated	<u>21,555</u>	<u>41,439</u>	<u>-</u>	<u>62,994</u>
Less accumulated depreciation for:				
Buildings and improvements	100	1,155	-	1,255
Equipment	73	1,240	-	1,313
Total Accumulated Depreciation	<u>173</u>	<u>2,395</u>	<u>-</u>	<u>2,568</u>
Total Capital Assets Being Depreciated, Net	<u>21,382</u>	<u>39,044</u>	<u>-</u>	<u>60,426</u>
Governmental Activities Assets, Net	<u>\$ 880,761</u>	<u>\$ 39,044</u>	<u>\$ -</u>	<u>\$ 919,805</u>

Depreciation expense in the amount of \$2,395 was charged to the general government expense function.

NOTE 4 LONG-TERM DEBT

In April 2004, the Trustees of Arden and the Village 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 the Village or any other unencumbered income. The loan is payable in monthly installments of \$1,349, including interest at the rate of seven percent per annum, and matures August 1, 2018. The total balance due on this loan is \$20,892 as of March 24, 2017. Interest expense for the year ended March 24, 2017 was \$1,999.

The following is a summary of the changes in long-term debt for the year ended March 24, 2017:

Beginning balance	\$ 35,073
Payments	<u>14,181</u>
Ending balance	<u>\$ 20,892</u>

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 LONG-TERM DEBT (cont'd)

Scheduled repayments of interest and principal as of March 24, 2017 are as follows:

<u>March 24,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,197	\$ 982	\$ 16,179
2019	<u>5,695</u>	<u>89</u>	<u>5,784</u>
	<u>\$ 20,892</u>	<u>\$ 1,071</u>	<u>\$ 21,963</u>

NOTE 5 LAND RENTS

Each year, the Village's land rent is levied and collected by the Trustees of Arden on 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 ensure 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, 2017, land rent revenue of \$150,000 was allocated to the Village from the Trustees of Arden for general operations.

NOTE 6 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended March 24, 2017, expenditures exceeded general fund appropriations (the legal level of budgetary control) in the following functions:

Insurance	\$ 928
Professional fees	\$ 3,766
Repairs and maintenance	\$ 223
Salaries, wages, and payroll taxes	\$ 2,356
Ground maintenance	\$ 6,527
Trash services	\$ 145
Donations	\$ 1,000
Capital additions	\$ 8,307
Debt service - principal	\$ 976

The deficits were funded through expenses in other areas coming in under budget, as well as available fund balance.

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 FUND BALANCES

As of March 24, 2017, fund balances are composed of the following:

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
Streets	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
Land preservation	-	-	417,145	-	417,145
Assigned:					
Forest Committee	-	-	-	50,043	50,043
Capital maintenance	-	-	-	12,180	12,180
Memorial garden	-	-	-	11,851	11,851
Renovations	-	-	-	20,659	20,659
Vacant dwelling	-	-	-	20,939	20,939
Lecture series	-	-	-	2,148	2,148
Trustees donation	-	-	-	6,079	6,079
Unassigned	71,283	-	-	-	71,283
Total Fund Balances	<u>\$ 71,283</u>	<u>\$ 1,000</u>	<u>\$ 417,145</u>	<u>\$ 123,899</u>	<u>\$ 613,327</u>

NOTE 8 SUBSEQUENT EVENTS

The Village has evaluated all subsequent events through July 12, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VILLAGE OF ARDEN, INC.
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
MARCH 24, 2017
(With Summarized Comparative Data for March 24, 2016)

	Capital Maintenance and Repair Fund	Memorial Garden Fund	Lecture Series Fund	Renovation Fund	Vacant Dwelling Fund	Buckingham Green Settlement Fund	Trustee Donations Fund	Totals	
								2017	2016
ASSETS									
Cash and cash equivalents	\$ 12,180	\$ 11,851	\$ 2,148	\$ 20,659	\$ 20,939	\$ 50,043	\$ 6,079	\$ 123,899	\$ 144,458
TOTAL ASSETS	<u>\$ 12,180</u>	<u>\$ 11,851</u>	<u>\$ 2,148</u>	<u>\$ 20,659</u>	<u>\$ 20,939</u>	<u>\$ 50,043</u>	<u>\$ 6,079</u>	<u>\$ 123,899</u>	<u>\$ 144,458</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES									
Assigned	12,180	11,851	2,148	20,659	20,939	50,043	6,079	123,899	144,458
TOTAL FUND BALANCES	<u>12,180</u>	<u>11,851</u>	<u>2,148</u>	<u>20,659</u>	<u>20,939</u>	<u>50,043</u>	<u>6,079</u>	<u>123,899</u>	<u>144,458</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,180</u>	<u>\$ 11,851</u>	<u>\$ 2,148</u>	<u>\$ 20,659</u>	<u>\$ 20,939</u>	<u>\$ 50,043</u>	<u>\$ 6,079</u>	<u>\$ 123,899</u>	<u>\$ 144,458</u>

VILLAGE OF ARDEN, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 24, 2017
(With Summarized Comparative Data for the Year Ended March 24, 2016)

	Capital Maintenance and Repair Fund	Memorial Garden Fund	Lecture Series Fund	Renovation Fund	Vacant Dwelling Fund	Buckingham Green Settlement Fund	Trustee Donations Fund	Totals	2016
REVENUES									
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,102	\$ -	\$ 11,102	-
Interest	-	-	-	-	-	-	-	-	588
Land rental allocations	10,000	-	-	2,000	-	-	-	12,000	2,000
Local donations	-	5,349	-	2,000	-	-	6,079	13,428	6,842
Program service revenue	-	-	-	-	-	-	-	-	1,641
Rent	-	-	-	7,556	-	-	-	7,556	4,908
Vacant property registration fees	-	-	-	-	1,700	-	-	1,700	8,300
TOTAL REVENUES	<u>10,000</u>	<u>5,349</u>	<u>-</u>	<u>11,556</u>	<u>1,700</u>	<u>11,102</u>	<u>6,079</u>	<u>45,786</u>	<u>24,279</u>
EXPENDITURES									
General government	-	-	-	-	-	23,854	-	23,854	-
Community and economic development	-	-	-	4,671	292	-	-	4,963	20,378
Public works - memorial garden	-	4,784	-	-	-	-	-	4,784	2,981
Capital outlay	25,000	-	-	7,744	-	-	-	32,744	-
TOTAL EXPENDITURES	<u>25,000</u>	<u>4,784</u>	<u>-</u>	<u>12,415</u>	<u>292</u>	<u>23,854</u>	<u>-</u>	<u>66,345</u>	<u>23,359</u>
NET CHANGE IN FUND BALANCES	(15,000)	565	-	(859)	1,408	(12,752)	6,079	(20,559)	920
FUND BALANCES, BEGINNING OF YEAR	<u>27,180</u>	<u>11,286</u>	<u>2,148</u>	<u>21,518</u>	<u>19,531</u>	<u>62,795</u>	<u>-</u>	<u>144,458</u>	<u>143,538</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,180</u>	<u>\$ 11,851</u>	<u>\$ 2,148</u>	<u>\$ 20,659</u>	<u>\$ 20,939</u>	<u>\$ 50,043</u>	<u>\$ 6,079</u>	<u>\$ 123,899</u>	<u>\$ 144,458</u>

VILLAGE OF ARDEN, INC.
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
(REVENUES, OPERATING EXPENSES, AND COMMITTEES)
FOR THE YEAR ENDED MARCH 24, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Franchise fees	\$ 15,100	\$ 23,050	\$ 17,105	\$ (5,945)
Interest	-	-	470	470
Land rental allocations	176,409	201,776	138,000	(63,776)
Local donations	4,000	-	9,043	9,043
Program service revenue	-	12,000	7,811	(4,189)
Rent	43,000	31,000	26,078	(4,922)
Miscellaneous revenue	-	-	749	749
TOTAL REVENUES	<u>238,509</u>	<u>267,826</u>	<u>199,256</u>	<u>(68,570)</u>
EXPENDITURES				
Expenditures by natural classification:				
Salaries, wages, and payroll taxes	31,331	30,298	32,654	(2,356)
Administrative expenses	38,382	44,632	18,382	26,250
Audit, bookkeeping, and professional fees	6,700	8,000	9,116	(1,116)
Contributions and donations	6,450	6,450	7,450	(1,000)
Trash service	58,350	58,350	58,494	(144)
Debt service	16,176	16,176	16,180	(4)
Program expenses	-	9,000	8,063	937
Repairs and maintenance	2,000	2,000	2,223	(223)
Utilities	5,677	5,677	5,048	629
Contingency	10,000	10,000	-	10,000
	<u>175,066</u>	<u>190,583</u>	<u>157,610</u>	<u>32,973</u>
Committees:				
Advisory	200	200	-	200
Archives	1,800	1,800	1,864	(64)
Assessors	50	50	-	50
Budget	75	75	27	48
Buzz Ware Support	5,000	5,000	-	5,000
Buzz Ware Renovation Fund	2,000	2,000	2,000	-
Civic	56,135	56,135	56,106	29
Community planning	1,000	500	1,261	(761)
Forest	6,000	6,000	7,021	(1,021)
Playground	3,000	3,000	14,006	(11,006)
Field Theater	-	-	168	(168)
Registration	200	650	53	597
Safety	2,000	2,500	2,527	(27)
	<u>77,460</u>	<u>77,910</u>	<u>85,033</u>	<u>(7,123)</u>
TOTAL EXPENDITURES	<u>252,526</u>	<u>268,493</u>	<u>242,643</u>	<u>25,850</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(14,017)	(667)	(43,387)	(42,720)
OTHER FINANCING SOURCES				
Transfers in	-	-	2,745	(2,745)
NET CHANGE IN FUND BALANCE	<u>\$ (14,017)</u>	<u>\$ (667)</u>	(40,642)	<u>\$ (45,465)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>111,925</u>	
FUND BALANCE, END OF YEAR			<u>\$ 71,283</u>	

INDEPENDENT AUDITOR'S
REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

July 12, 2017

Village of Arden, Inc.
Arden, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Arden, Inc., Arden, Delaware ("the Village") as of and for the year ended March 24, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Village of Arden, Inc.
Arden, Delaware

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
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