



VILLAGE OF ARDEN, INC.

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

MARCH 24, 2019



VILLAGE OF ARDEN, INC.

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INDEPENDENT AUDITOR'S REPORT

November 11, 2019

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. ("the Village"), Arden, Delaware, as of and for the year ended March 24, 2019, 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

Village of Arden, Inc.
Arden, Delaware

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.

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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Village of Arden, Inc.'s 2018 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 October 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 24, 2018 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.

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

Village of Arden, Inc.
Arden, Delaware

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 November 11, 2019, 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, 2019**

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, 2019 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 \$1,581,628.

The assets include cash on hand of \$178,430, 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 Village had investments of \$387,262.

Revenue in fiscal year 2019 reflected the Village's continued allocation of land rentals and collection of grants from the State of Delaware. For the year ended March 24, 2019, \$145,000 was collected for land rent and \$19,446 was collected for 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, 2019

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, Trustee donations, 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, 2019

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, 2019 and 2018

	Governmental Activities	
	2019	2018
ASSETS		
Current and other assets	\$ 565,692	\$ 576,135
Capital assets	<u>1,028,029</u>	<u>1,024,969</u>
TOTAL ASSETS	<u>\$ 1,593,721</u>	<u>\$ 1,601,104</u>
LIABILITIES		
Current and other liabilities	\$ 12,093	\$ 38,445
Total Liabilities	<u>12,093</u>	<u>38,445</u>
NET POSITION		
Net investment in capital assets	1,028,029	1,021,860
Restricted	370,093	361,235
Unrestricted	<u>183,506</u>	<u>179,564</u>
Total Net Position	<u>1,581,628</u>	<u>1,562,659</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,593,721</u>	<u>\$ 1,601,104</u>

**VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2019**

Changes in Net Position. A schedule of changes in activity is provided in the table below. The Village's combined net position increased by \$18,969.

**Table A-2
Changes in Net Position
For the Years Ended March 24, 2019 and 2018**

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 47,133	\$ 40,502
Operating grants and contributions	27,464	40,704
General revenues	200,861	210,831
Total Revenues	<u>275,458</u>	<u>292,037</u>
Expenses		
General government	82,024	86,273
Public works - highways and streets	85,517	72,174
Public works - sanitation	63,886	60,242
Public works - memorial garden	6,753	-
Culture and recreation	5,800	4,797
Community and economic development	12,491	17,236
Interest on loan	18	896
Total Expenses	<u>256,489</u>	<u>241,618</u>
Increase in Net Position	<u>\$ 18,969</u>	<u>\$ 50,419</u>

Financial Analysis of the Village's Funds

Governmental Funds

The net change in the fund balance of the general fund from 2018 to 2019 was a decrease of \$13,623.

The net change in the Village's special revenue funds showed a combined increase of \$26,423. The Natural Spaces Fund received interest on investment activity which contributed to the overall increase of \$15,267, the Municipal Street Aid Fund decreased by \$6,409, and the nonmajor funds increased by \$17,565.

VILLAGE OF ARDEN, INC.
ARDEN, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
MARCH 24, 2019

Budget. All budgets lapse at year end. For 2019, budget amendments to several line items were made. Budgeted revenues were revised to increase \$34,854. Budgeted expenses were revised to reflect a decrease of \$3,616, largely a result of budget decreases to capital outlay and program expenses.

Capital Asset and Debt Administration. As of March 24, 2019 and 2018, 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, 2019 and 2018 was \$0 and \$3,109, respectively.

In June 2017, the Village purchased additional land. The Mill Race Road property was purchased for \$102,795. This brought the total cost of land to \$962,174 as of March 24, 2019.

The Village's other capital assets consist primarily of a community center building and related improvements, and playground equipment. During fiscal year 2019, the Village installed a field theater drainage system for \$3,328 and a theater walkway for \$3,435.

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, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 178,430	\$ 197,274
Investments	387,262	378,861
Capital assets:		
Land	962,174	962,174
Building improvements, net	43,464	39,091
Equipment, net	22,391	23,704
TOTAL ASSETS	\$ 1,593,721	\$ 1,601,104
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES:		
Accounts payable	\$ 10,418	\$ 30,513
Payroll taxes payable	806	1,340
Accrued wages	-	1,107
Deposits for facility rental	869	2,376
Portion due or payable within one year:		
Note payable	-	3,109
TOTAL LIABILITIES	12,093	38,445
NET POSITION:		
Net investment in capital assets	1,028,029	1,021,860
Restricted	370,093	361,235
Unrestricted	183,506	179,564
TOTAL NET POSITION	1,581,628	1,562,659
TOTAL LIABILITIES AND NET POSITION	\$ 1,593,721	\$ 1,601,104

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, 2019
(With Summarized Comparative Data for the Year Ended March 24, 2018)

GOVERNMENTAL ACTIVITIES:	Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		2019	2018	Operating	Capital	Totals	
				Grants and Contributions	Grants and Contributions	2019	2018
General government	\$ 82,024	\$ -	-	\$ -	\$ (82,024)	\$ (84,387)	
Public works - highways and streets	85,517	-	19,446	-	(66,071)	(54,397)	
Public works - sanitation	63,886	-	-	-	(63,886)	(60,242)	
Public works - memorial garden	6,753	-	-	-	(6,753)	(2,029)	
Culture and recreation	5,800	35,778	8,018	-	37,996	47,970	
Community and economic development	12,491	11,355	-	-	(1,136)	(6,431)	
Interest on loan	18	-	-	-	(18)	(896)	
TOTAL GOVERNMENTAL ACTIVITIES	256,489	47,133	27,464	-	(181,892)	(160,412)	
TOTAL PRIMARY GOVERNMENT	\$ 256,489	\$ 47,133	\$ 27,464	\$ -	(181,892)	(160,412)	
GENERAL REVENUES:							
Land rent					145,000	147,400	
Franchise and registration fees					25,104	28,613	
Interest and investment income					20,109	33,480	
Miscellaneous revenue					10,648	1,338	
TOTAL GENERAL REVENUES					200,861	210,831	
CHANGE IN NET POSITION					18,969	50,419	
NET POSITION, BEGINNING OF YEAR					1,562,659	1,512,240	
NET POSITION, END OF YEAR					\$ 1,581,628	\$ 1,562,659	

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

VILLAGE OF ARDEN, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 24, 2019
(With Summarized Comparative Data for March 24, 2018)

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Funds	Totals	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash and cash equivalents	\$ -	\$ 667	\$ 18,154	\$ 160,177	\$ 178,998	\$ 197,274
Investments	35,990	-	351,272	-	387,262	378,861
TOTAL ASSETS	<u>\$ 35,990</u>	<u>\$ 667</u>	<u>\$ 369,426</u>	<u>\$ 160,177</u>	<u>\$ 566,260</u>	<u>\$ 576,135</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 10,418	-	\$ -	-	\$ 10,418	\$ 30,513
Cash overdraft liability	568	-	-	-	568	-
Payroll taxes payable	806	-	-	-	806	1,340
Accrued wages	-	-	-	-	-	1,107
Deposits for facility rental	869	-	-	-	869	2,376
TOTAL LIABILITIES	<u>12,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,661</u>	<u>35,336</u>
FUND BALANCES:						
Restricted	-	667	369,426	-	370,093	361,235
Assigned	-	-	-	160,177	160,177	142,612
Unassigned	23,329	-	-	-	23,329	36,952
TOTAL FUND BALANCES	<u>23,329</u>	<u>667</u>	<u>369,426</u>	<u>160,177</u>	<u>553,599</u>	<u>540,799</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,990</u>	<u>\$ 667</u>	<u>\$ 369,426</u>	<u>\$ 160,177</u>	<u>\$ 566,260</u>	<u>\$ 576,135</u>

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, 2019

TOTAL GOVERNMENTAL FUND BALANCE	\$ 553,599
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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.	<u>1,028,029</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,581,628</u></u>
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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, 2019
(With Summarized Comparative Data for the Year Ended March 24, 2018)

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Funds	2019	Totals	2018
REVENUES							
Land rental allocations	\$ 143,000	\$ -	\$ -	\$ 2,000	\$ 145,000	\$	147,400
Franchise fees	18,004	-	-	-	18,004		18,013
Vacant property registration fees	-	-	-	7,100	7,100		10,600
Rent	30,573	-	-	5,205	35,778		30,998
Program service revenue	9,180	-	-	2,175	11,355		9,504
Governmental grants	-	19,446	-	-	19,446		17,956
Local donations	92	-	-	7,926	8,018		22,748
Interest and investment income	1,191	-	18,918	-	20,109		33,480
Miscellaneous revenue	9,568	-	-	1,080	10,648		1,338
TOTAL REVENUES	<u>211,608</u>	<u>19,446</u>	<u>18,918</u>	<u>25,486</u>	<u>275,458</u>		<u>292,037</u>
EXPENDITURES							
General government	74,797	-	3,376	148	78,321		83,486
Public works - highways and streets	59,662	25,855	-	-	85,517		70,673
Public works - sanitation	63,886	-	-	-	63,886		60,242
Public works - memorial garden	-	-	-	6,753	6,753		2,029
Culture and recreation	5,800	-	-	-	5,800		5,776
Community and economic development	11,196	-	275	1,020	12,491		15,935
Capital outlay	6,763	-	-	-	6,763		107,745
Debt service	3,127	-	-	-	3,127		18,679
TOTAL EXPENDITURES	<u>225,231</u>	<u>25,855</u>	<u>3,651</u>	<u>7,921</u>	<u>262,658</u>		<u>364,565</u>
NET CHANGE IN FUND BALANCES	(13,623)	(6,409)	15,267	17,565	12,800		(72,528)
FUND BALANCES, BEGINNING OF YEAR	36,952	7,076	354,159	142,612	540,799		613,327
FUND BALANCES, END OF YEAR	<u>\$ 23,329</u>	<u>\$ 667</u>	<u>\$ 369,426</u>	<u>\$ 160,177</u>	<u>\$ 553,599</u>		<u>\$ 540,799</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, 2019

NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,800
 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 (\$6,763) exceeded depreciation expense (\$3,703).	 3,060
 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.	 <u>3,109</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u><u>\$ 18,969</u></u>

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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Franchise fees	\$ 15,100	\$ 15,100	\$ 18,004	\$ 2,904
Interest	-	4,270	1,191	(3,079)
Land rental allocations	129,741	153,180	143,000	(10,180)
Local donations	-	90	92	2
Program service revenue	-	9,180	9,180	-
Rent	33,500	31,375	30,573	(802)
Miscellaneous revenue	-	-	9,568	9,568
TOTAL REVENUES	<u>178,341</u>	<u>213,195</u>	<u>211,608</u>	<u>(1,587)</u>
EXPENDITURES				
General government:				
Insurance	12,020	12,020	13,195	(1,175)
Office expenses	22,720	23,121	11,129	11,992
Professional fees	5,150	5,150	8,545	(3,395)
Repairs and maintenance	7,200	6,553	6,493	60
Salaries, wages, and payroll taxes	29,798	34,303	31,581	2,722
Utilities	4,800	6,051	3,854	2,197
	<u>81,688</u>	<u>87,198</u>	<u>74,797</u>	<u>12,401</u>
Public works - highways and streets:				
Ground maintenance	50,936	50,936	41,886	9,050
Road maintenance	19,064	19,064	17,776	1,288
	<u>70,000</u>	<u>70,000</u>	<u>59,662</u>	<u>10,338</u>
Public works - sanitation:				
Trash services	61,108	61,108	63,886	(2,778)
Culture and recreation:				
Donations	8,400	5,800	5,800	-
Community and economic development:				
Program expenses	18,200	19,674	11,196	8,478
Capital outlay				
Capital additions	8,000	-	6,763	(6,763)
Debt service:				
Principal	4,100	4,100	3,109	991
Interest	-	-	18	(18)
	<u>4,100</u>	<u>4,100</u>	<u>3,127</u>	<u>973</u>
Contingency	10,000	10,000	-	10,000
TOTAL EXPENDITURES	<u>261,496</u>	<u>257,880</u>	<u>225,231</u>	<u>32,649</u>
NET CHANGE IN FUND BALANCE	<u>\$ (83,155)</u>	<u>\$ (44,685)</u>	(13,623)	<u>\$ 31,062</u>
FUND BALANCE, BEGINNING OF YEAR			<u>36,952</u>	
FUND BALANCE, END OF YEAR			<u>\$ 23,329</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. 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.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

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

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, 2019.

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

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.
- The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

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

- 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 and certificates of deposit with maturities of one year or less.

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 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.

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

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

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

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, 2018, from which the summarized information was derived.

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, 2019, the carrying amount of the Village's deposits was \$178,430, and the bank balance was \$188,588. At March 24, 2019, 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 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, 2019, 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	\$ 6,228	\$ 6,228	\$ -
Private equities	35,990	-	35,990
Domestic bond funds	117,876	117,876	-
International bond funds	33,330	33,330	-
Domestic stock ETFs	148,129	148,129	-
International market ETFs	45,709	45,709	-
TOTAL	\$ 387,262	\$ 351,272	\$ 35,990

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

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, 2019, 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	3 - 4 stars	Morningstar	\$ 117,876
International bond funds	3 stars	Morningstar	33,330
Total Fixed Income Securities			<u>\$ 151,206</u>

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.

In June 2017, the Village purchased additional land. The Mill Race Road property was purchased for \$102,795. This brought the total cost of land to \$962,174 as of March 24, 2019.

The capital asset activity for the year ended March 24, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 962,174	\$ -	\$ -	\$ 962,174
Total Capital Assets Not Being Depreciated	<u>962,174</u>	<u>-</u>	<u>-</u>	<u>962,174</u>
Capital assets being depreciated:				
Buildings and improvements	41,686	6,763	-	48,449
Equipment	26,258	-	-	26,258
Total Capital Assets Being Depreciated	<u>67,944</u>	<u>6,763</u>	<u>-</u>	<u>74,707</u>
Less accumulated depreciation for:				
Buildings and improvements	2,595	2,390	-	4,985
Equipment	2,554	1,313	-	3,867
Total Accumulated Depreciation	<u>5,149</u>	<u>3,703</u>	<u>-</u>	<u>8,852</u>
Total Capital Assets Being Depreciated, Net	<u>62,795</u>	<u>3,060</u>	<u>-</u>	<u>65,855</u>
Governmental Activities Assets, Net	<u>\$ 1,024,969</u>	<u>\$ 3,060</u>	<u>\$ -</u>	<u>\$ 1,028,029</u>

VILLAGE OF ARDEN, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

Depreciation expense in the amount of \$3,703 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 was paid in full as of March 24, 2019. Interest expense for the year ended March 24, 2019 was \$18.

The following is a summary of the changes in long-term debt for the year ended March 24, 2019:

Beginning balance	\$ 3,109
Payments	<u>3,109</u>
Ending balance	<u>\$ -</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, 2019, land rent revenue of \$143,000 was allocated to the Village from the Trustees of Arden for general operations and \$2,000 was allocated for the renovation fund.

NOTE 6 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended March 24, 2019, expenditures exceeded general fund appropriations (the legal level of budgetary control) in the following functions:

Insurance	\$ 1,175
Professional fees	\$ 3,395
Trash services	\$ 2,778
Capital additions	\$ 6,763
Interest	\$ 18

VILLAGE OF ARDEN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

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

NOTE 7 FUND BALANCES

As of March 24, 2019, fund balances are composed of the following:

	General Fund	Municipal Street Aid Fund	Natural Spaces Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
Streets	\$ -	\$ 667	\$ -	\$ -	\$ 667
Land preservation	-	-	369,426	-	369,426
Assigned:					
Capital maintenance	-	-	-	12,180	12,180
Memorial garden	-	-	-	11,607	11,607
Lecture series	-	-	-	1	1
Renovations	-	-	-	41,734	41,734
Vacant dwelling	-	-	-	38,533	38,533
Forest committee	-	-	-	50,043	50,043
Trustees donation	-	-	-	6,079	6,079
Unassigned	23,329	-	-	-	23,329
Total Fund Balances	<u>\$ 23,329</u>	<u>\$ 667</u>	<u>\$ 369,426</u>	<u>\$ 160,177</u>	<u>\$ 553,599</u>

NOTE 8 SUBSEQUENT EVENTS

The Village has evaluated all subsequent events through November 11, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VILLAGE OF ARDEN, INC.
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
MARCH 24, 2019
(With Summarized Comparative Data for March 24, 2018)

	Capital Maintenance and Repair Fund	Memorial Garden Fund	Lecture Series Fund	Renovation Fund	Vacant Dwelling Fund	Buckingham Green Settlement Fund	Trustee Donations Fund	Totals	
								2019	2018
ASSETS									
Cash and cash equivalents	\$ 12,180	\$ 11,607	\$ 1	\$ 41,734	\$ 38,533	\$ 50,043	\$ 6,079	\$ 160,177	\$ 142,612
TOTAL ASSETS	<u>\$ 12,180</u>	<u>\$ 11,607</u>	<u>\$ 1</u>	<u>\$ 41,734</u>	<u>\$ 38,533</u>	<u>\$ 50,043</u>	<u>\$ 6,079</u>	<u>\$ 160,177</u>	<u>\$ 142,612</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES									
Assigned	12,180	11,607	1	41,734	38,533	50,043	6,079	160,177	142,612
TOTAL FUND BALANCES	<u>12,180</u>	<u>11,607</u>	<u>1</u>	<u>41,734</u>	<u>38,533</u>	<u>50,043</u>	<u>6,079</u>	<u>160,177</u>	<u>142,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,180</u>	<u>\$ 11,607</u>	<u>\$ 1</u>	<u>\$ 41,734</u>	<u>\$ 38,533</u>	<u>\$ 50,043</u>	<u>\$ 6,079</u>	<u>\$ 160,177</u>	<u>\$ 142,612</u>

VILLAGE OF ARDEN, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 24, 2019
(With Summarized Comparative Data for the Year Ended March 24, 2018)

	Capital Maintenance and Repair Fund	Memorial Garden Fund	Lecture Series Fund	Renovation Fund	Vacant Dwelling Fund	Buckingham Green Settlement Fund	Trustee Donations Fund	Totals
								2019
								2018
REVENUES								
Land rental allocations	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -
Vacant property registration fees	-	-	-	-	7,100	-	-	7,100
Rent	-	-	-	5,205	-	-	-	5,205
Program service revenue	-	-	-	2,175	-	-	-	2,175
Local donations	-	4,526	-	3,400	-	-	-	7,926
Miscellaneous revenue	-	-	-	1,080	-	-	-	1,080
TOTAL REVENUES		4,526		13,860	7,100			25,486
EXPENDITURES								
General government	-	30	-	12	106	-	-	148
Public works - memorial garden	-	6,753	-	-	-	-	-	6,753
Culture and recreation	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	1,020	-	-	-	1,020
TOTAL EXPENDITURES		6,783		1,032	106			7,921
NET CHANGE IN FUND BALANCES		(2,257)		12,828	6,994			17,565
FUND BALANCES, BEGINNING OF YEAR	12,180	13,864	1	28,906	31,539	50,043	6,079	142,612
FUND BALANCES, END OF YEAR	\$ 12,180	\$ 11,607	\$ 1	\$ 41,734	\$ 38,533	\$ 50,043	\$ 6,079	\$ 160,177
								\$ 142,612

VILLAGE OF ARDEN, INC.
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
(REVENUES, OPERATING EXPENSES, AND COMMITTEES)
FOR THE YEAR ENDED MARCH 24, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Franchise fees	\$ 15,100	\$ 15,100	\$ 18,004	\$ 2,904
Interest	-	4,270	1,191	(3,079)
Land rental allocations	129,741	153,180	143,000	(10,180)
Local donations	-	90	92	2
Program service revenue	-	9,180	9,180	-
Rent	33,500	31,375	30,573	(802)
Miscellaneous revenue	-	-	9,568	9,568
TOTAL REVENUES	<u>178,341</u>	<u>213,195</u>	<u>211,608</u>	<u>(1,587)</u>
EXPENDITURES				
Expenditures by natural classification:				
Salaries, wages, and payroll taxes	29,798	34,303	30,565	3,738
Administrative expenses	34,340	34,741	27,600	7,141
Audit, bookkeeping, and professional fees	5,150	5,150	8,545	(3,395)
Contributions and donations	8,400	5,800	5,800	-
Trash service	61,108	61,108	63,886	(2,778)
Debt service	4,100	4,100	3,128	972
Program expenses	5,700	7,174	7,436	(262)
Repairs and maintenance	5,200	6,553	5,087	1,466
Utilities	4,800	6,051	3,665	2,386
Contingency	10,000	10,000	-	10,000
	<u>168,596</u>	<u>174,980</u>	<u>155,712</u>	<u>19,268</u>
Committees:				
Advisory	200	200	-	200
Archives	1,800	1,800	1,759	41
Assessors	100	100	51	49
Budget	100	100	61	39
Buzz Ware Support	5,000	5,000	-	5,000
Buzz Ware Renovation Fund	2,000	-	-	-
Capital outlay	8,000	-	-	-
Civic	58,000	58,000	50,088	7,912
Community planning	1,000	1,000	-	1,000
Forest	8,000	8,000	8,068	(68)
Playground	4,000	4,000	3,995	5
Field theater	-	-	3,625	(3,625)
Registration	300	300	71	229
Safety	4,400	4,400	1,801	2,599
	<u>92,900</u>	<u>82,900</u>	<u>69,519</u>	<u>13,381</u>
TOTAL EXPENDITURES	<u>261,496</u>	<u>257,880</u>	<u>225,231</u>	<u>32,649</u>
NET CHANGE IN FUND BALANCE	<u>\$ (83,155)</u>	<u>\$ (44,685)</u>	<u>(13,623)</u>	<u>\$ 31,062</u>
FUND BALANCE, BEGINNING OF YEAR			<u>36,952</u>	
FUND BALANCE, END OF YEAR			<u>\$ 23,329</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

November 11, 2019

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. ("the Village"), Arden, Delaware, as of and for the year ended March 24, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 11, 2019.

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.

Village of Arden, Inc.
Arden, Delaware

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.

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