

**DELAWARE MANUFACTURED HOME
RELOCATION AUTHORITY**

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY

CONTENTS

JUNE 30, 2012 AND 2011

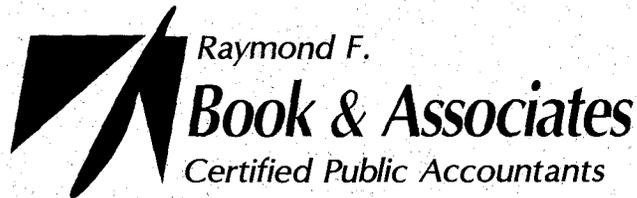
Independent Auditor's Report	1
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Financial Statements

Statements of Net Assets	3
Statements of Revenues, Expenses, and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Supplementary Information

Schedule of Support Services	10
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Delaware Manufactured Home
Relocation Authority
1675 S. State Street
Dover, DE 19901

We have audited the accompanying statements of net assets of the Delaware Manufactured Home Relocation Authority as of June 30, 2012, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Delaware Manufactured Home Relocation Authority as of June 30, 2011, were audited by other auditors whose report, dated March 8, 2012, expressed a qualified opinion on those statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Based on the inherent complexity of determining the completeness of the Authority's accounts receivable and assessment revenue, we were unable to form an opinion regarding the amounts of accounts receivable as of June 30, 2012 in the statements of financial position (stated at \$186,201) and assessment revenue in the accompanying statements of activities (stated at \$728,401).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had accounts receivable and revenue referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Delaware Manufactured Home Relocation Authority as of June 30 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raymond F. Book & Associates, P.A.
RAYMOND F. BOOK & ASSOCIATES, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Dover, DE
April 8, 2013

Delaware Manufactured Home Relocation Authority
Statements of Net Assets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
<i><u>Current Assets</u></i>		
Cash	\$ 5,042,540	\$ 4,384,427
Accounts Receivable	186,201	182,813
Interest Receivable	2,249	1,848
<u>Total Current Assets</u>	<u>5,230,990</u>	<u>4,569,088</u>
 <u>Total Assets</u>	 <u>\$ 5,230,990</u>	 <u>\$ 4,569,088</u>
 LIABILITIES AND NET ASSETS		
<i><u>Current Liabilities</u></i>		
Accounts Payable	\$ 5,778	\$ 1,569
<u>Total Current Liabilities</u>	<u>5,778</u>	<u>1,569</u>
 <u>Net Assets - Restricted</u>	 <u>5,225,212</u>	 <u>4,567,519</u>
 <u>Total Liabilities & Net Assets</u>	 <u>\$ 5,230,990</u>	 <u>\$ 4,569,088</u>

The accompanying notes are an integral part of these financial statements
SEE INDEPENDENT AUDITOR'S REPORT

Delaware Manufactured Home Relocation Authority
Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Operating Revenues</u>		
Assessments	\$ 728,401	\$ 713,987
<u>Operating Expenses</u>		
Support Services	<u>95,929</u>	<u>100,556</u>
<u>Operating Income(Loss)</u>	632,472	613,431
<u>Nonoperating Revenue</u>		
Interest Income	<u>25,221</u>	<u>24,751</u>
<u>Change in Net Assets</u>	657,693	638,182
<u>Net Assets - Restricted - Beginning of Year</u>	<u>4,567,519</u>	<u>3,929,337</u>
<u>Net Assets - Restricted - End of Year</u>	<u>\$ 5,225,212</u>	<u>\$ 4,567,519</u>

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Delaware Manufactured Home Relocation Authority
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from communities	\$ 725,013	\$ 764,111
Cash payments to vendors for goods and services	<u>(91,718)</u>	<u>(103,665)</u>
Net cash provided by operating activities	633,295	660,446
 <u>Cash Flows from Investing Activities</u>		
Interest on cash and cash equivalents	<u>24,818</u>	<u>25,362</u>
Net cash provided by investing activity	24,818	25,362
 <u>Cash Flows from Financing Activities</u>		
	<u>-</u>	<u>-</u>
 <u>Net Increase in Cash</u>		
	658,113	685,808
 <u>Cash - Beginning of Year</u>		
	<u>4,384,427</u>	<u>3,698,619</u>
 <u>Cash - End of Year</u>		
	<u>\$ 5,042,540</u>	<u>\$ 4,384,427</u>

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SEE INDEPENDENT AUDITOR'S REPORT

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies

Basis of Accounting

The Delaware Manufactured Home Relocation Authority (the Authority) operates as an enterprise fund. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time they are incurred, regardless of the timing of the related cash flows.

The Authority has elected not to apply all Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, in accordance with Government Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*.

Nature of Activities

The Authority was established in 2003 pursuant to Title 25 of the Delaware Code, Section 7011 for the purpose of the administration and operation of the Delaware Manufactured Home Relocation Trust Fund (the Trust Fund).

The Authority is comprised of a non-compensated Board of Directors appointed by the Governor from among community owners and residents. The Trust Fund is funded by quarterly assessments collected by the property owner and funded 50% from the property owners/landlords and 50% from the tenants. The sole purpose of the Trust Fund is to assist community owners and tenants when a change in the use of the land that is occupied by the tenant requires termination of the existing rental agreement. The Authority has set payment limits for relocatable abandoned homes. The cap on the Trust Fund is \$10 million. The Trust Fund terminates on July 1, 2014 unless terminated sooner or extended by the General Assembly.

Use of Estimates

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.

Reporting Entity

The Authority is a related organization of the State of Delaware (the State). The Authority has no component units for which it is considered to be financially accountable. The Authority's activities are financed and operated as an enterprise fund as costs and expenses of providing services are recovered primarily through user charges.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

The Authority is not presented in the State's Comprehensive Annual Financial Report because it is a related organization and has not met the criteria to be considered a component unit of the State.

Cash and Cash Equivalents

The Authority defines cash and cash equivalents to be all unrestricted highly liquid investments with an initial maturity of three months or less. The cash and cash equivalents within the Authority's Trust Fund are controlled by the State Treasurer's Office in Dover, Delaware. The Authority controls the operating account.

Receivables

All receivables are considered fully collectible by management. No allowance for bad debts is deemed necessary.

Operating Revenues and Expenses

Operating revenues consist of quarterly assessments from property owners on behalf of the landlord and tenant of each rented lot. Operating expenses include both program and support services. Program services include payments to manufactured home owners/tenants for reimbursements for moving costs and non-relocatable homes, and payments to manufactured home community owners for removal and/or disposal of non-relocatable or abandoned homes when there is a change in land use. Support services include all other operating expenses.

Interest earned from the investment or deposit of monies in the Trust Fund is deposited into the Trust Fund periodically by the personnel of the State of Delaware, Department of Finance, Division of Revenue.

Designation of Net Assets

The statements of net assets reports \$5,225,212 and \$4,567,519 of net assets restricted by enabling legislation as of June 30, 2012 and 2011, respectively.

Subsequent Events

Management has evaluated subsequent events through April 8, 2013, which was the date that the financial statements were available to be issued.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

2. Restricted Cash

At June 30, 2012 and 2011, the Authority had cash and cash equivalents of \$5,042,540 and \$4,384,427, respectively. Of those amounts, \$5,029,190 and \$4,354,357, respectively, were part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware. All investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use, and they are recorded as cash equivalents in the financial statements.

The funds held by the State of Delaware investment pool, and internal investment pool, are specifically identified for the Authority, but the credit risk cannot be categorized. Credit risk for such investments depends on the financial stability of the State. The State reports that its investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

The operating account is in the custody of the Authority's officials. The book and bank balance of these funds at June 30, 2012 and 2011 were \$12,862 and \$29,768, respectively. The bank balance of cash deposits is insured by the Federal Deposit Insurance Corporation; therefore, there is no custodial credit risk for these cash deposits.

3. Commitments and Contingencies

In the normal course of business, there are various outstanding commitment and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The Authority does not anticipate losses from these transactions.

4. Accounts Receivable

Accounts Receivable at June 30, 2012 and 2011 was \$186,201 and \$182,813, respectively. While management considers these amounts reasonable, accounts receivable may be underreported. The Authority is unable to determine if all manufactured home communities are remitting assessments in accordance with enacted legislation. Any manufactured home community that has not paid the past assessments will have to pay all retroactive assessments since the date of initial assessment, April 1, 2004.

5. Related Party Transactions

As stated in Note 1, certain members of the Authority's Board of Directors are manufactured home community owners or manage manufactured home communities. These members have paid quarterly assessments of \$47,208 and \$84,067 into the Trust Fund during the years ended June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, accounts receivable due from related parties was \$11,708 and \$21,215, respectively.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

6. Operating Leases

The Authority leases office space under an operating lease that renews annually on December 1st. The lease payments for the remaining periods are as follows:

June 30, 2013	\$3,005
June 30, 2014	1,325

7. Cash Flow Information

The following reconciles the increase in net assets with cash provided by operating activities:

	<u>2012</u>	<u>2011</u>
Operating Revenue	\$ 632,472	\$ 613,431
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in operating assets		
Accounts Receivable	(3,387)	51,780
Prepaid Expenses	-	1,500
Increase (Decrease) in operating liabilities		
Accounts Payable	4,210	(4,609)
Deferred Revenue	-	(1,565)
Cash provided by Operating Activities	<u>\$ 633,295</u>	<u>\$ 660,446</u>

SUPPLEMENTARY INFORMATION

Delaware Manufactured Home Relocation Authority
Schedules of Support Services
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Personnel</u>		
Salaries and wages	\$ 21,845	\$ 29,673
Payroll taxes	1,783	2,426
	<u>23,628</u>	<u>32,099</u>
 <u>Occupancy</u>		
Rent	2,735	2,925
Utilities	2,119	1,795
	<u>4,854</u>	<u>4,720</u>
 <u>Professional Fees</u>		
Accounting fees	26,976	30,568
Consulting fees	-	90
Bookkeeping and payroll processing	6,294	6,390
Legal fees	29,580	20,932
	<u>62,850</u>	<u>57,980</u>
 <u>Other General and Administrative</u>		
Computer expenses	-	100
Copying	(8)	81
Office and supplies expense	1,375	363
Postage	625	594
Travel expenses	2,605	4,619
	<u>4,597</u>	<u>5,757</u>
 <u>Total Support Services</u>	 <u>\$ 95,929</u>	 <u>\$ 100,556</u>

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