

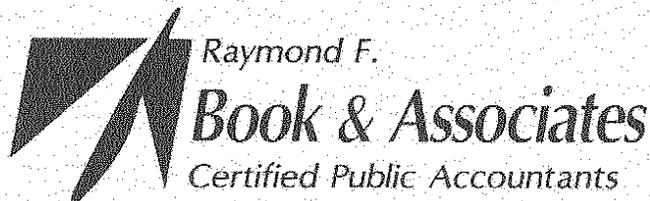
**DELAWARE MANUFACTURED HOME  
RELOCATION AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2015 AND 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Delaware Manufactured Home  
Relocation Authority

We have audited the accompanying financial statements of the Delaware Manufactured Home Relocation Authority, which comprise the statements of net assets as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### **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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

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

### **Basis for Qualified 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, 2015 and 2014 in the statements of net assets (stated at \$278,596 and \$168,792) and assessment revenue in the accompanying statements of revenues, expenses, and changes in net assets (stated at \$987,565 and \$725,225). Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Manufactured Home Relocation Authority as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Support Services 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, Delaware  
October 20, 2015

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 6,639,755	\$ 6,433,013
Accounts Receivable	278,596	168,792
Interest Receivable	2,844	1,988
Prepaid Rent	570	-
Total Current Assets	<u>6,921,765</u>	<u>6,603,793</u>
Other Assets		
Security Deposit	570	-
Total Other Assets	<u>570</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 6,922,335</u></b>	<b><u>\$ 6,603,793</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 5,386	\$ 3,763
Relocation Benefits Payable	392,600	-
Total Current Liabilities	<u>397,986</u>	<u>3,763</u>
Total Net Assets - Restricted	<u>6,524,349</u>	<u>6,600,030</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,922,335</u></b>	<b><u>\$ 6,603,793</u></b>

See accompanying notes and independent auditor's report.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>		
Assessments	\$ 987,565	\$ 725,225
<b>OPERATING EXPENSES</b>		
Relocation Benefits	957,854	-
Support Services	134,688	112,961
Total Operating Expenses	<u>1,092,542</u>	<u>112,961</u>
Operating Income	(104,977)	612,264
<b>NONOPERATING REVENUE</b>		
Interest Income	<u>29,296</u>	<u>22,432</u>
Change in Net Assets	(75,681)	634,696
Net Assets - Restricted - Beginning of Year	<u>6,600,030</u>	<u>5,965,334</u>
<b>Net Assets - Restricted - End of Year</b>	<u><b>\$ 6,524,349</b></u>	<u><b>\$ 6,600,030</b></u>

See accompanying notes and independent auditor's report.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from communities	\$ 877,761	\$ 739,235
Interest income received	28,439	21,717
Cash payments to vendors for goods and services	(134,204)	(112,702)
Relocation benefits paid	<u>(565,254)</u>	<u>-</u>
Net cash provided by operating activities	206,742	648,250
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	 -	 -
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	 <u>-</u>	 <u>-</u>
 <b>NET INCREASE IN CASH</b>	 206,742	 648,250
 <b>CASH - BEGINNING OF YEAR</b>	 <u>6,433,013</u>	 <u>5,784,763</u>
 <b>CASH - END OF YEAR</b>	 <u><b>\$ 6,639,755</b></u>	 <u><b>\$ 6,433,013</b></u>

See accompanying notes and independent auditor's report.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 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.

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, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Attorney General. 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 \$15 million. The Trust Fund terminates on July 1, 2019 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 reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. 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.

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.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 \$6,523,209 and \$6,600,030 of net assets restricted by enabling legislation as of June 30, 2015 and 2014, respectively.

Subsequent Events

Management has evaluated subsequent events through October 20, 2015, which was the date that the financial statements were available to be issued.

**NOTE 2 – RESTRICTED CASH**

At June 30, 2015 and 2014, the Authority had cash and cash equivalents of \$6,639,755 and \$6,433,013, respectively. Of those amounts, \$6,610,718 and \$6,406,319, 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.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 2 – RESTRICTED CASH (CONTINUED)**

The funds held by the State of Delaware investment pool, an 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 bank balance of these funds at June 30, 2015 and 2014 were \$28,736 and \$30,822, respectively. The bank balance of cash deposits is insured up to \$250,000 by the Federal Deposit Insurance Corporation; therefore, there is no custodial credit risk for these cash deposits. Petty cash on hand at June 30, 2015 and 2014 totaled \$301 and \$151, respectively.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at June 30, 2015 and 2014 was \$278,596 and \$168,792, 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.

**NOTE 4 – RELOCATION BENEFITS PAYABLE**

Relocation benefits payable consist of relocation assistance described in Note 1, that were approved by the Authority's board of directors, and payment requests were submitted to the State of Delaware, but amounts were not paid out as of June 30, 2015. Relocation Benefits Payable at June 30, 2015 and 2014 totaled \$392,600 and \$0, respectively.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

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 \$48,531 and \$41,535 into the Trust Fund during the years ended June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, accounts receivable due from related parties was \$17,360 and \$10,455, respectively.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**NOTE 6 – OPERATING LEASES**

The Authority leases office space under a two-year operating lease that began on December 1, 2014, and ends on November 30, 2016, with monthly rent of \$570 plus utilities. Future minimum payments required under the lease are as follows:

June 30, 2016	\$ 6,480
June 30, 2017	<u>2,850</u>
Total minimum lease payments	<u>\$ 9,330</u>

**NOTE 7 – CASH FLOW INFORMATION**

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

	<u>2015</u>	<u>2014</u>
Change in net assets	\$ (75,681)	\$ 634,696
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets		
Accounts Receivable	(109,804)	14,010
Interest Receivable	(856)	(715)
Prepaid Rent	(570)	-
Security Deposit	(570)	-
Increase (decrease) in operating liabilities		
Accounts Payable	1,623	259
Relocation Benefits Payable	<u>392,600</u>	<u>-</u>
Cash provided by operating activities	<u>\$ 206,742</u>	<u>\$ 648,250</u>

## **SUPPLEMENTARY INFORMATION**

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY  
SCHEDULES OF SUPPORT SERVICES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>PERSONNEL</b>		
Salaries and wages	\$ 38,431	\$ 31,838
Payroll taxes	3,057	2,579
	<u>41,488</u>	<u>34,417</u>
<b>OCCUPANCY</b>		
Rent	5,770	3,425
Utilities	2,844	1,446
	<u>8,614</u>	<u>4,871</u>
<b>PROFESSIONAL FEES</b>		
Accounting fees	18,691	19,572
Advertising	230	-
Collection fees	-	435
Bookkeeping and payroll processing	6,970	6,384
Legal fees	36,962	21,993
Arbitration Costs	9,084	19,043
	<u>71,937</u>	<u>67,427</u>
<b>OTHER GENERAL AND ADMINISTRATIVE</b>		
Computer expenses	704	198
Insurance	799	317
Office and supplies expense	4,541	1,650
Postage	1,698	1,502
Travel expenses	4,907	2,579
	<u>12,649</u>	<u>6,246</u>
<b>TOTAL SUPPORT SERVICES</b>	<u><u>\$ 134,688</u></u>	<u><u>\$ 112,961</u></u>

See accompanying independent auditor's report.