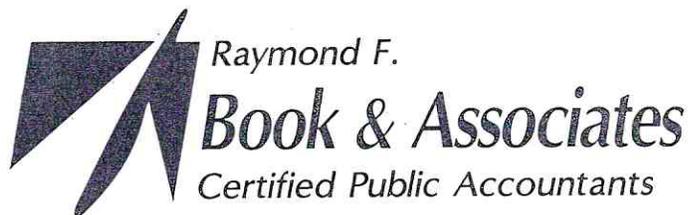

**DELAWARE MANUFACTURED HOME
RELOCATION AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016**



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DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,875,420	\$ 7,061,811
Accounts Receivable	288,250	288,038
Interest Receivable	7,042	5,165
Prepaid Insurance	1,829	-
Prepaid Rent	580	570
Total Current Assets	8,173,121	7,355,584
Other Assets		
Security Deposit	570	570
Total Other Assets	570	570
Total Assets	\$ 8,173,691	\$ 7,356,154
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 9,530	\$ 4,864
Relocation Benefits Payable	73,250	78,500
Total Liabilities	82,780	83,364
Total Net Assets -- Restricted	8,090,911	7,272,790
Total Liabilities and Net Assets	\$ 8,173,691	\$ 7,356,154

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, 2017 AND 2016**

	2017	2016
OPERATING REVENUES		
Assessments	\$ 1,210,385	\$ 1,233,256
OPERATING EXPENSES		
Relocation Benefits	301,750	416,834
Support Services (page 10)	168,472	112,886
Total Operating Expenses	470,222	529,720
Operating Income	740,163	703,536
NONOPERATING REVENUE		
Interest Income	77,958	44,905
Change in Net Assets	818,121	748,441
Net Assets - Restricted - Beginning of Year	7,272,790	6,524,349
Net Assets - Restricted - End of Year	\$ 8,090,911	\$ 7,272,790

See accompanying notes and independent auditor's report.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from communities	\$ 1,210,172	\$ 1,223,814
Interest income received	76,081	42,585
Cash payments to vendors for goods and services	(165,644)	(113,409)
Relocation benefits paid	(307,000)	(730,934)
Net cash provided by operating activities	813,609	422,056
 CASH FLOWS FROM INVESTING ACTIVITIES	 -	 -
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 813,609	 422,056
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 7,061,811	 6,639,755
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 7,875,420</u>	 <u>\$ 7,061,811</u>

See accompanying notes and independent auditor's report.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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, 2024 unless terminated sooner or extended by the General Assembly. If the Trust Fund terminates on July 1, 2024, 50% of the funds would be disbursed to current tenants and 50% would be disbursed to current landlords, according to the Delaware Code.

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, 2017 AND 2016

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 report \$8,090,911 and \$7,275,790 of net assets restricted by enabling legislation as of June 30, 2017 and 2016, respectively.

Subsequent Events

Management has evaluated subsequent events through May 10, 2018, which was the date that the financial statements were available to be issued.

NOTE 2 – RESTRICTED CASH

At June 30, 2017 and 2016, the Authority had cash and cash equivalents of \$7,875,420 and \$7,061,811, respectively. Of those amounts, \$7,850,108 and \$7,026,855, 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, 2017 AND 2016

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, 2017 and 2016 were \$24,958 and \$34,649, 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, 2017 and 2016 totaled \$354 and \$307, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2017 and 2016 was \$288,250 and \$288,038, 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, 2017. Relocation Benefits Payable at June 30, 2017 and 2016 totaled \$73,250 and \$78,500, 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 \$68,765 and \$68,695 into the Trust Fund during the years ended June 30, 2017 and 2016, respectively. At June 30, 2017 and 2016, accounts receivable due from related parties was \$17,350 and \$17,190, respectively.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 – OPERATING LEASES

The Authority leases office space under a one-year operating lease that began on June 1, 2017, and ends on May 31, 2018, with monthly rent of \$580 plus utilities. Future minimum payments required under the lease are as follows:

June 30, 2018	\$ 6,380
June 30, 2019	<u>-</u>
Total minimum lease payments	<u>\$ 6,380</u>

NOTE 7 – CASH FLOW INFORMATION

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

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 818,121	\$ 748,441
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Accounts Receivable	(212)	(9,442)
Interest Receivable	(1,877)	(2,321)
Prepaid Insurance	(1,829)	-
Prepaid Rent	(10)	-
Increase (decrease) in operating liabilities:		
Accounts Payable	4,666	(522)
Relocation Benefits Payable	<u>(5,250)</u>	<u>(314,100)</u>
Cash provided by operating activities	<u>\$ 813,609</u>	<u>\$ 422,056</u>

SUPPLEMENTARY INFORMATION

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
SCHEDULES OF SUPPORT SERVICES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
PERSONNEL		
Salaries and wages	\$ 42,155	\$ 35,363
Payroll taxes	3,468	2,831
	<u>45,623</u>	<u>38,194</u>
 OCCUPANCY		
Rent	6,976	6,840
Utilities	3,299	2,914
	<u>10,275</u>	<u>9,754</u>
 PROFESSIONAL FEES		
Accounting fees	18,583	18,432
Advertising	964	738
Bookkeeping and payroll processing	7,183	7,191
Legal fees	20,884	18,723
Arbitration costs	55,021	12,989
	<u>102,635</u>	<u>58,073</u>
 OTHER GENERAL AND ADMINISTRATIVE		
Computer expenses	3,484	333
Insurance	1,212	812
Office and supplies expense	2,344	2,333
Postage	1,157	1,251
Travel expenses	1,742	2,136
	<u>9,939</u>	<u>6,865</u>
 TOTAL SUPPORT SERVICES	<u><u>\$ 168,472</u></u>	<u><u>\$ 112,886</u></u>

See accompanying independent auditor's report.