

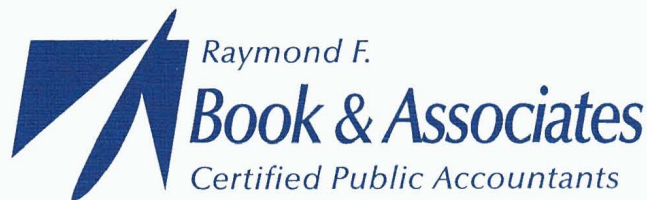
**DELAWARE MANUFACTURED HOME
RELOCATION AUTHORITY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Delaware Manufactured Home
Relocation Authority

Qualified Opinion

We have audited the accompanying financial statements of the Delaware Manufactured Home Relocation Authority (the Authority), which comprise the statements of net assets as of June 30, 2022 and 2021, 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2022 and 2021, 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.

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 obtain sufficient appropriate audit evidence regarding the amounts of accounts receivable as of June 30, 2022 and 2021 in the statements of net assets (stated at \$226,779 and \$242,392) and assessment revenue in the accompanying statements of revenues, expenses, and changes in net assets (stated at \$980,750 and \$961,893). Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Support Services on page 11 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
March 15, 2023**

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 12,158,341	\$ 11,945,056
Accounts Receivable	226,779	242,392
Prepaid Insurance	2,916	2,350
Prepaid Rent	1,591	1,500
Total Current Assets	12,389,627	12,191,298
Fixed Assets		
Office Equipment	1,570	1,570
Leasehold Improvements	4,579	4,579
Less: Accumulated Depreciation	(1,394)	(932)
Net Fixed Assets	4,755	5,217
Other Assets		
Security Deposit	1,750	1,750
Total Other Assets	1,750	1,750
Total Assets	\$ 12,396,132	\$ 12,198,265
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 3,527	\$ 35,207
Relocation Benefits Payable	195,000	-
Due to Dept of Justice	2,409	1,968
Total Liabilities	200,936	37,175
Total Net Assets - Restricted	12,195,196	12,161,090
Total Liabilities and Net Assets	\$ 12,396,132	\$ 12,198,265

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, 2022 AND 2021**

	2022	2021
REVENUE		
Assessments	\$ 980,750	\$ 961,893
 OPERATING EXPENSES		
Relocation Benefits	646,334	-
Support Services (page 11)	299,848	249,762
Total Operating Expenses	946,182	249,762
Operating Income	34,568	712,131
 NONOPERATING REVENUE AND EXPENSES		
Interest Income	-	130,277
Depreciation Expense	(462)	(462)
Total Nonoperating Revenue and Expenses	(462)	129,815
Change in Net Assets	34,106	841,946
Net Assets - Restricted - Beginning of Year	12,161,090	11,319,144
 Net Assets - Restricted - End of Year	\$ 12,195,196	\$ 12,161,090

See accompanying notes and independent auditor's report.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from communities	\$ 1,003,263	\$ 953,227
Interest income received	-	152,999
Cash payments to vendors for goods and services	(338,644)	(235,970)
Relocation benefits paid	(451,334)	-
Net cash provided by operating activities	<u>213,285</u>	<u>870,256</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	 <u>-</u>	 <u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-</u>	 <u>-</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 213,285	 870,256
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>11,945,056</u>	 <u>11,074,800</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 12,158,341</u>	 <u>\$ 11,945,056</u>

See accompanying notes and independent auditor's report.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 2004 pursuant to Title 25 of the Delaware Code, Chapter 70, 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 consisting of five voting and one non-voting member. The chair is appointed by the Governor, as well as one member of the largest not-for-profit association representing manufactured homeowners in the State of Delaware and one member of the largest not-for-profit association representing the manufactured home industry in the State of Delaware. One member is appointed by each of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. One non-voting member is appointed by the Attorney General as a representative of the Consumer Protection Unit of the Department of Justice.

The Trust Fund is funded by quarterly assessments collected by the property owner and funded from the property owners/landlords and from the tenants. The four purposes of the Trust Fund are to provide relocation assistance to 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, to pay the administrative costs of the Authority, to carry out responsibilities regarding arbitration costs for rent increase justification matters in accordance with SB 33; and to ensure that community owners comply with the Right of First Offer procedures outlined in Section 7026 of Title 25, Chapter 70 of the Delaware Code. The Authority has set payment limits for relocatable, non-relocatable, and 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. There is currently a bill in the legislature to extend the Trust sunset to July 1, 2028, but does not raise the cap. It has passed the house, but not yet the senate.

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.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and Cash Equivalents

The Authority defines cash and cash equivalents to be all 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.

Fixed Assets

Equipment in the accompanying financial statements is stated at cost, less accumulated depreciation. Additions with a cost of less than \$1,000 are expensed. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense for the years ended June 30, 2022 and 2021 was \$462 and \$462, respectively.

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.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designation of Net Assets

The statements of net assets report \$12,195,196 and \$12,161,090 of net assets restricted by enabling legislation as of June 30, 2022 and 2021, respectively.

Subsequent Events

Management has evaluated subsequent events through March 15, 2023, which was the date that the financial statements were available to be issued.

NOTE 2 – RESTRICTED CASH

At June 30, 2022 and 2021, the Authority had cash and cash equivalents of \$12,158,341 and \$11,945,056, respectively. Of those amounts, \$12,110,144 and \$11,864,675, 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, 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, 2022 and 2021 were \$47,973 and \$79,918, 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, 2022 and 2021 totaled \$224 and \$463, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2022 and 2021 was \$226,779 and \$242,392, 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.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, but amounts were not paid out as of June 30, 2022. Relocation Benefits Payable were \$195,000 and \$0 for the years ended June 30, 2022 and 2021, respectively.

NOTE 5 – DUE TO DEPARTMENT OF JUSTICE

Due to an amendment of Title 25 Chapter 70 of the Delaware Code, signed May 15, 2019, effective January 1, 2020 assessments charged for each lot were reduced from \$5 to \$4 per month. The landlord receives a credit of \$0.50 and the tenant pays \$0.50 into the newly created Delaware Manufactured Home Owner Attorney Fund instead, accounting for the \$1 monthly difference per lot. The Attorney Fund is held and controlled by the Delaware Department of Justice. The amount Due to the Department of Justice represents amounts collected from tenants and deposited into the trust fund during the year, but not yet paid out to the Attorney Fund.

NOTE 6 – 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 \$67,596 and \$55,394 into the Trust Fund during the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, accounts receivable due from related parties was \$15,494 and \$12,150, respectively.

NOTE 7 – OPERATING LEASES

The Authority leases office space under an operating lease that began on April 3, 2020, and ends on April 30, 2023, with monthly rent of \$1,500 and an increase of 3% annually. Future minimum payments required under the lease are as follows:

June 30, 2023	\$ 15,914
June 30, 2024 and thereafter	<u>-</u>
Total minimum lease payments	<u>\$ 15,914</u>

Rent expense totaled \$18,633 and \$15,090 for the years ended June 30, 2022 and 2021, respectively.

DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – CASH FLOW INFORMATION

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

	<u>2022</u>	<u>2021</u>
Change in net assets	\$ 34,106	\$ 841,946
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	462	462
(Increase) decrease in operating assets:		
Accounts Receivable	15,613	17,635
Interest Receivable	-	22,722
Prepaid Insurance	(566)	(34)
Prepaid Legal Fees	-	-
Prepaid Rent	(91)	-
Security Deposit	-	-
Increase (decrease) in operating liabilities:		
Accounts Payable	(31,680)	13,825
Relocation Benefits Payable	195,000	
Due to Dept of Justice	<u>441</u>	<u>(26,300)</u>
Net cash provided by operating activities	<u>\$ 213,285</u>	<u>\$ 870,256</u>

The Authority had no non-cash investing and financing activities for the years ended June 30, 2022 and 2021.

SUPPLEMENTARY INFORMATION

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY
SCHEDULES OF SUPPORT SERVICES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
PERSONNEL		
Salaries and wages	\$ 103,952	\$ 99,711
Payroll taxes	7,970	7,383
	111,922	107,094
OCCUPANCY		
Rent	18,633	15,090
Utilities	5,257	5,102
	23,890	20,192
PROFESSIONAL FEES		
Accounting and auditing fees	9,700	9,600
Bookkeeping and payroll processing	14,156	13,749
Legal fees	33,564	26,989
Arbitration costs	83,398	49,673
	140,818	100,011
OTHER GENERAL AND ADMINISTRATIVE		
Insurance	3,118	3,077
Office and supplies expense	16,174	14,749
Postage	658	618
Travel expenses	3,268	4,021
	23,218	22,465
TOTAL SUPPORT SERVICES	\$ 299,848	\$ 249,762

See accompanying independent auditor's report.