

HULL REDEVELOPMENT AUTHORITY

Financial Statements and Required
Supplementary Information

June 30, 2016

(With Independent Auditor's Report Thereon)

HULL REDEVELOPMENT AUTHORITY

Table of Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position.....	8
Statement of Revenues, Expenses, and Changes in Net Position.....	9
Statement of Cash Flows.....	10
Notes to Basic Financial Statements.....	11
Required Supplementary Information:	
Report on Internal Control over Financial Reporting and Other Matters.....	19

RAYMOND KASPEROWICZ
CERTIFIED PUBLIC ACCOUNTANT
760 CHIEF JUSTICE CUSHING WAY
COHASSET, MA 02025
(781) 383-9158 fax: (781) 383-9170
e-mail: raykcpa@comcast.net
www.rk1cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of the Hull Redevelopment Authority
PO Box 187
Hull, MA 02045

Report on the Financial Statements

We have audited the accompanying financial statements of the Hull Redevelopment Authority (the Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016, and the respective changes in financial position and, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion be presented to supplement the basic financial statements. Such information, although not 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 Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the Authority'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 consideration of the Authority's internal control over financial reporting and compliance.

Raymond Kasperowicz

December 20, 2016

Hull Redevelopment Authority Management Discussion and Analysis Fiscal Year Ended June 30, 2016

Our discussion and analysis of the Hull Redevelopment Authority ' s (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$11.2 million.

- The Authority's assets include, undeveloped real estate of \$9.2 million and cash and investments of \$2 million
- The Authority's total net position increased by \$725 thousand. Operating revenues of \$1 million were primarily due to the forfeiture of a developer's deposit. Additionally, operating revenue of \$158 thousand was generated from the lease of the Nantasket Beach parking area which is located on Authority owned property.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two parts: management's discussion and analysis and the basic financial statements. The financial statements also include notes that explain information in the financial statements in more detail. The Authority is not a component unit of the Town of Hull and is a self-supporting entity that follows enterprise fund reporting. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business, such as a real estate development company.

The *statement of net position* presents information on all of the Authority's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, 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 condition of the Authority is improving or deteriorating.

**Hull Redevelopment Authority
Management Discussion and Analysis
Fiscal Year Ended June 30, 2016**

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables).

The *statement of cash flows* presents information on the Authority's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities.

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial condition. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11.1 million at the close of the most recent fiscal year.

The Authority's net position is categorized as unrestricted. Accordingly, almost the entire net position of \$11.2 million is available for spending on future development projects and administrative costs as determined and directed by the Authority's Board of Directors.

The Authority's total net position at June 30, 2016, increased \$725 thousand from the prior year. Operating revenues of \$1 million primarily consisted of the defense of the Authority's contractual right to retain any developer deposit in which the developer failed to develop the land as agreed. Such fluctuations are part of the expected, ordinary course of business for the Authority as these revenues are largely predicated on the desire of other entities to build commercial building space within the Urban Renewal District overseen by the Authority.

Non-operating revenues totaled \$20,062 in 2016 and consisted entirely of interest earned on the Authority's investments. The Authority invests its excess cash resources in certificates of deposit with Massachusetts-based banks.

The Authority's operating expenses in 2016 were \$319 thousand yielding operating revenues of \$705 thousand. Current year expenses were increased significantly by \$142 thousand in comparison to previous year amounts due mainly to an increase in road, flood, and a redevelopment studies.

**Hull Redevelopment Authority
Management Discussion and Analysis
Fiscal Year Ended June 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

The Authority's capital assets amount to \$11.3 million as of June 30, 2016. \$9.2 of these assets were classified as non-current assets since they are not expected to be liquidated within 12 months of year-end.

As of the date of this report, the Authority did not have any outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR ACTIVITY

The Authority will continue to seek and assist potentially interested developers in the Urban Renewal District as provided within its authority and mandate.

REQUEST FOR INFORMATION

The Hull Redevelopment Authority (<http://www.hra02045.com/>) publishes many of the studies and also has a frequently asked questions page which the public could find useful. You may also submit questions related to this financial report or other matters on the contact page. (<http://www.hra02045.com/contact/>)

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Hull Redevelopment Authority, Attn: Chairman of the Board, PO Box 187, Hull MA 02045.

BASIC FINANCIAL STATEMENTS

HULL REDEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30,

	<u>2016</u>	<u>(Unaudited)</u> <u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 57,626	\$ 260,344
Certificates of deposit	1,873,755	1,854,351
Accounts receivable	113,544	-
Note receivable	8,015	7,779
Total current assets	<u>2,052,940</u>	<u>2,122,474</u>
Non-current assets:		
Real property	9,193,100	9,193,100
Note receivable	51,054	59,069
Total noncurrent assets	<u>9,244,154</u>	<u>9,252,169</u>
TOTAL ASSETS	<u>\$ 11,297,094</u>	<u>\$ 11,374,643</u>
LIABILITIES		
Current liabilities:		
Developer deposit	-	\$ 857,500
Deferred revenue	\$ 105,000	50,000
Total noncurrent liabilities	<u>105,000</u>	<u>907,500</u>
TOTAL LIABILITIES	<u>105,000</u>	<u>907,500</u>
NET ASSETS		
Temporarily restricted	105,000	50,000
Unrestricted	11,087,094	10,417,143
TOTAL NET ASSETS	<u>11,192,094</u>	<u>10,467,143</u>
LIABILITIES & NET ASSETS	<u>\$ 11,297,094</u>	<u>\$ 11,374,643</u>

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

HULL REDEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30,

	2016	(Unaudited) 2015
Operating revenues:		
Lawsuit settlement	\$ 857,500	-
Rental income	158,930	\$ 103,600
Food vendor fees	6,000	3,000
Interest income	1,901	2,128
Total operating revenues	1,024,331	108,728
Operating expenses		
Payment in lieu of taxes	65,000	65,000
Road project	-	26,737
Road study	45,000	-
Flood study	29,581	-
Redevelopment study	105,000	-
Grants	5,849	-
Road improvement	-	40,000
Advertising and website	5,042	1,791
Insurance	1,692	1,592
Maintenance	38,133	26,275
Office supplies	439	192
Professional fees	23,706	16,105
Total operating expenses	319,442	177,692
Operating income	704,889	(68,964)
Nonoperating revenues:		
Interest income	20,062	19,707
Total nonoperating revenues	20,062	19,707
Increase in net position	724,951	(49,257)
Net position, beginning of year,		
Unrestricted net assets	10,467,143	10,516,400
Net position, end of year	\$ 11,192,094	\$ 10,467,143

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

**HULL REDEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30,**

	<u>2016</u>	(Unaudited) <u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 724,951	\$ (49,257)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Parking lot fees receivable	(113,544)	137,427
Increase (decrease) in liabilities		
Developer deposits	(857,500)	-
Increase in deferred revenue	55,000	50,000
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(191,093)</u>	<u>138,170</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Note receivable - Friends of Paragon Carousel - repayment	<u>7,779</u>	<u>7,549</u>
NET INCREASE/(DECREASE) IN CASH	(183,314)	145,719
BEGINNING CASH	<u>2,114,695</u>	<u>1,968,976</u>
ENDING CASH AND CASHEQUIVALENTS	<u><u>\$ 1,931,381</u></u>	<u><u>\$ 2,114,695</u></u>

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

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE A - REPORTING ENTITY

The Hull Redevelopment Authority (the "Authority") was established on December 11, 1961 pursuant to Chapter 121B of the Massachusetts General Laws, as amended, to administer and plan urban renewal projects and other community development projects within the Town of Hull, Massachusetts (the "Town"). The Authority is governed by a five-member board of directors, one of whom is appointed by the Governor of the Commonwealth of Massachusetts while four directors are elected by Town-wide election. All elected directors serve terms of five years in length.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Following are the accounting and reporting policies of the Authority:

Basis of Presentation - The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's ("GASB") requirements for an enterprise fund. Operating revenues and expenses result from the administering of community development activities within the Town. All other revenues and expenses are reported as non-operating revenues and expenses.

Use of Estimates- The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that may have been used.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

Revenue Recognition - Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Major revenue sources may include gains on property or developer rights held for sale.

Taxes - The Authority is exempt from all federal and state income taxes and real estate taxes.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and certificates of deposit with maturities of three months or less.

Investments - Investments are monetary holdings with varying maturity periods of greater than three months and liquidity levels; additionally the principal and/or the investment earnings may be subject to market loss or fees.

Accounts Receivable- Accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. Accounts receivable are written off when deemed uncollectible.

Development Projects Held For Sale – As this is the first year of audit, the Authority has elected, as allowed by GASB No. 72, to value all current real property using the market approach. Specifically, The Authority has valued all real property at assessed value which purports to approximate market value. The total value of these assets as of June 30, 2016 is \$9.2 million.

Capital Assets -

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. All purchases and construction costs in excess of \$1,000 and with useful lives exceeding one year are capitalized at the date of acquisition or construction. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets (excluding land) are depreciated by the Authority on a straight-line-basis.

Developer Deposits Held - From time to time, the Authority receives developer deposits in accordance with development agreements by and between the Authority and third parties. The deposits held consist primarily of funds placed with the Authority by third party developers for the right to a future purchase of land. Upon purchase, these deposits would be deducted from the agreed-upon purchase price. If the developer fails to perform as agreed, the deposit is forfeited.

Compensated Absences – The Authority has no employees and accordingly has no obligation for compensated absences or other employee benefits.

Budgetary Data - GAAP requires a budgetary comparison schedule to be presented for the general fund and each major special revenue fund that has a legally adopted budget.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

The Authority does not have an operating budget approved by the Board of Directors. The Authority has no office or place of business or payroll and therefore has very low operating expenses. Accordingly, the Authority has not presented budgetary information.

Fair Value and Measurement – The Authority determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles.

The Authority is required to apply the provisions of U.S. generally accepted accounting principles to fair measurements for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The Authority has no nonfinancial assets or liabilities required to be accounted for on a non-recurring basis as of June 30, 2016.

Fair values of financial instruments for which the Authority did not elect the fair value option includes cash and cash equivalents, receivables and accounts payable.

NOTE C - DEPOSITS AND INVESTMENTS

GAAP requires disclosure for any investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The Authority does not maintain any investments subject to these classifications.

Credit Risk - Statutes and regulations require the Authority to invest funds only in pre-approved investment instruments, which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and state treasurer investment pools. In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for period over ninety days and the underlying security must be a United States obligation. During the fiscal year, the Authority did not enter into any repurchase agreements.

Concentration of Credit Risk - The Authority maintains all of its investments in the form of certificates of deposit. At June 30, 2016, the Authority maintained two certificates of deposit with one Massachusetts-based banks.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - The Authority does not have a formal investment policy as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk relative to cash holdings. The Authority carries deposits and certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation, or FDIC, as well as the Depositors Insurance Fund, or DIF. As of June 30, 2016, bank deposits totaled \$1,931,381 which included \$9,190 of checking deposits, \$48,436 of money market funds and \$1,873,755 of certificates of deposit. The total bank deposit, money market, and certificate of deposit balances is insured at year-end.

Investment Maturities - The Authority maintains all of its investments in the form of certificates of deposit. As of June 30, 2016 the certificate of deposit with a value of \$626,405 will mature on February 4, 2018 the second certificate of deposit with a value of \$1,246,624 is scheduled to mature on December 13, 2017.

NOTE D - PENSION PLAN & OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Authority has not had a payroll for over 30 years and as a result has no pension obligations or post-employment benefit obligations.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE E –REAL PROPERTY HELD FOR RESALE

The Authority owns 17.6 acres of land with an assessed value of \$9.2 million. Assessed valuations are provided by the Town of Hull, Massachusetts. The Authority can provide independent appraisals performed on the properties listed below, upon request.

Map	Parcel	Number	Street	Acres	Building Value	Land Value	Total
33	67	325	Nantasket Ave	5.044	-	\$2,402,200	\$2,402,200
33	66	325	Nantasket Ave	2.226	-	1,124,800	1,124,800
27	119	325	Nantasket Ave	1.095	-	613,000	613,000
33	009	-	Nantasket Ave	0.519	-	351,900	351,900
27	133	-	Nantasket Ave	0.239	-	259,800	259,800
27	150	-	Nantasket Ave	0.054	-	163,300	163,300
33	10	5	Water Street	4.419	-	2,118,900	2,118,900
27	35	14	Samoset Ave	1.418	-	759,300	759,300
27	34	2	Samoset Ave	0.755	-	459,200	459,200
27	61	2	Franklin Street	1.818	-	940,700	940,700
				<u>17.587</u>		<u>\$9,193,100</u>	<u>\$9,193,100</u>

NOTE F - COMMITMENTS AND CONTINGENCIES

Facility Lease - The Authority leases no office space.

General Litigation - The Authority is, from time to time, party to certain legal claims in the ordinary course of business. The Authority is not a party to any material litigation as of the date of this report.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE G - IMPLEMENTATION OF GASB PRONOUNCEMENTS

Current Year Implementation

Statement No. 72

Fair Value Measurement and Application

On February of 2015, GASB issued Statement number 72, *Fair Value Measurement and Application*. The Authority has elected to implement this pronouncement early. The application of this pronouncement is disclosed in note B and affects the valuation of property held for sale and redevelopment.

Future Year Implementation

Statement No. 73

Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

The provisions of this Statement relate to pension assets is effective for the fiscal year beginning July 1, 2016. The Authority has no payroll, pension obligation, or other post-employment benefit liability. This pronouncement will not affect the Authority.

Statement No. 74

Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The provisions of this Statement relate to reporting for other post-employment benefits reporting and is effective for the fiscal year beginning July 1, 2016. The Authority has no payroll, no pension, obligation or other post-employment benefit liability. This pronouncement will not affect the Authority.

Statement No. 75

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions of this Statement relate to accounting and financial reporting for post-employment benefits other than pensions and is effective for the fiscal year beginning July 1, 2017. The Authority has no payroll, no pension obligation, or other post-employment benefit liability. This pronouncement will not affect the Authority.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE G - GASB PRONOUNCEMENTS (continued)

GASB Statement No. 76

The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The provisions of this Statement primary aim is to increase standardization of financial reporting of across all governments by reorganizing the hierarchy of generally accepted accounting principles. This statement is effective for the fiscal year beginning July 1, 2016

GASB Statement No. 77

Tax Abatement Disclosures

The provisions of this Statement accounting for abatements issued by state and local governments. The effective date for implementation of this pronouncement is for the fiscal year beginning July 1, 2016. As the Authority does not issue abatements, this pronouncement will not affect the Authority.

GASB Statement No. 78

Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The provisions of this Statement relate to entities that participate in multiple-employer defined benefit pension plans and is effective for the fiscal year beginning July 1, 2016. As the Authority has no payroll, pension obligation, or other post-employment benefit liability. This pronouncement will not affect the Authority.

GASB Statement No. 79

Certain External Investment Pools and Pool Participants

Statement 79 pertains to organizations that participate in external investment pools. Currently, The Authority invests in only bank certificates and money market accounts. Therefore, this statement will not have any effect on its financial statements in the future unless The Authority decides to invest in external investment pools. GASB Statement 79 will become effective for the fiscal year beginning July 1, 2016.

Hull Redevelopment Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2016

NOTE G - GASB PRONOUNCEMENTS (continued)

GASB Statement No. 80

Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14

Statement 80 pertains to organizations that are component units of a primary government. The Authority is not a component unit as a primary government does not have access nor control of a significant percentage of The Authority's assets. GASB Statement 80 will not have an effect on the financial statements of The Authority. This statement becomes effective for the fiscal year beginning July 1, 2016

GASB Statement No. 81

Irrevocable Split-Interest Agreements

Statement 81 pertains to organizations that have entered into a split interest agreement with another government or other third party. A split interest agreement may be defined as any agreement in which The Authority enter into an agreement in which it is a beneficiary and/or receives a remainder interest. This statement becomes effective for the fiscal year beginning July 1, 2017.

GASB Statement No. 82,

Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73

The requirements of this Statement are effective for the fiscal year beginning after July 1, 2016. As The Authority has no payroll, pension obligation, or other post-employment benefit liability, this pronouncement will not affect the Authority.

GASB Statement No. 83

Certain Asset Retirement Obligations

The requirements of this Statement are effective for the fiscal year beginning after July 1, 2018. Asset retirement obligations (AROs) are created when law requires resource outflows to properly cease or remedy an activity. Common instances of AROs would include the decommissioning of nuclear power plants or other environmental remediation at the cessation of an activity.

RAYMOND KASPEROWICZ
CERTIFIED PUBLIC ACCOUNTANT
760 CHIEF JUSTICE CUSHING WAY
COHASSET, MA 02025
(781) 383-9158 fax: (781) 383-9170
e-mail: raykcpa@comcast.net
www.rk1cpa.com

**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***

Board of Directors
Hull Redevelopment Authority
Hull, Massachusetts

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hull Redevelopment Authority (the "Authority"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

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 Authority's financial statements are free of 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.

Raymond Kasperowicz

December 20, 2016