

PIONEER VALLEY TRANSIT AUTHORITY

**Schedule Of Expenditures Of Federal Awards
And OMB A-133 Auditors' Reports**

Year Ended June 30, 2012

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Adelson Moynihan Kowalczyk PC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Advisory Board of the
PIONEER VALLEY TRANSIT AUTHORITY
 2808 Main Street
 Springfield, MA 01107

Compliance

We have audited Pioneer Valley Transit Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Pioneer Valley Transit Authority's major federal programs for the year ended June 30, 2012. Pioneer Valley Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Pioneer Valley Transit Authority's management. Our responsibility is to express an opinion on Pioneer Valley Transit Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pioneer Valley Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pioneer Valley Transit Authority's compliance with those requirements.

In our opinion, Pioneer Valley Transit Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Pioneer Valley Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pioneer Valley Transit Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Pioneer Valley Transit Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

Schedule of Expenditures of Federal Awards

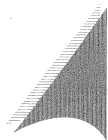
We have audited the financial statements of the business-type activities of Pioneer Valley Transit Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated September 17, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Advisory Board, the finance committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adelson Moynihan Kowalczyk PC

ADELSON MOYNIHAN KOWALCZYK PC

September 17, 2012



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**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**

To the Advisory Board of the
PIONEER VALLEY TRANSIT AUTHORITY
 2808 Main Street
 Springfield, MA 01107

We have audited the financial statements of the business-type activities of Pioneer Valley Transit Authority, a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2012, which comprise Pioneer Valley Transit Authority's basic financial statements and have issued our report thereon dated September 17, 2012. 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.

Internal Control Over Financial Reporting

Management of Pioneer Valley Transit Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pioneer Valley Transit Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pioneer Valley Transit Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pioneer Valley Transit Authority's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pioneer Valley Transit 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*.

We noted certain other matters that we have reported to management of Pioneer Valley Transit Authority in a separate letter dated September 17, 2012.

This report is intended solely for the information and use of management, the Advisory Board, the finance committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adelson Moynihan Kowalczyk PC

ADELSON MOYNIHAN KOWALCZYK PC

September 17, 2012

PIONEER VALLEY TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Federal Transit Administration			
Direct programs			
5307 and 5309 Cluster Program			
Section 5307			
Capital and planning assistance	20.507	MA-90-X425	\$ 328,463
Capital and planning assistance	20.507	MA-90-X541	401,470
Capital and planning assistance	20.507	MA-90-X567	2,192,344
Capital assistance	20.507	MA-90-X594	6,363,531
Preventive maintenance assistance	20.507	MA-90-X604	1,285,087
Capital and planning assistance	20.507	MA-90-X612	4,391,389
Paratransit ADA assistance	20.507	MA-90-X629	825,730
Preventive maintenance assistance	20.507	MA-90-X629	2,726,869
Paratransit ADA assistance	20.507	MA-90-X645	416,958
American Recovery and Reinvestment Act capital assistance	20.507	MA-66-X002	205,883
American Recovery and Reinvestment Act capital assistance	20.507	MA-96-X002	<u>1,321,900</u>
Subtotal 5307			<u>20,459,624</u>
Section 5309			
Capital assistance	20.500	MA-03-0259	685
Capital assistance	20.500	MA-02-0230	2,981
Capital assistance	20.500	MA-04-0038	208
Capital assistance	20.500	MA-04-0063	<u>6,200,003</u>
Subtotal 5309			<u>6,203,877</u>
Total 5307 and 5309 Cluster Program			<u>26,663,501</u>
Other direct programs			
Section 115 Capital assistance	20.205	MA-15-X004	487,666
Section 115 Capital assistance	20.205	MA-15-X007	87,142
Section 5316 Job Access Reverse Commute	20.516	MA-37-X046	643,452
Section 5317 New Freedom	20.521	MA-57-X015	52,690
Section 5317 New Freedom	20.521	MA-57-X021	18,604
Department of Homeland Security capital assistance	None	2009-RA-T9-0044	<u>124,185</u>
Subtotal other direct programs			<u>1,413,739</u>
Total direct programs			<u>28,077,240</u>
Passed through Massachusetts Department of Transportation			
Section 5311 Operating assistance	20.509	MA-19-X051	<u>32,671</u>
Total pass through programs			<u>32,671</u>
Total expenditures of federal awards			<u>\$ 28,109,911</u>

PIONEER VALLEY TRANSIT AUTHORITY**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****June 30, 2012****NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Pioneer Valley Transit Authority under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Pioneer Valley Transit Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Pioneer Valley Transit Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

PIONEER VALLEY TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal Control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:

See detail on Schedule of Expenditures of Federal Awards

CFDA Number

20.500 and 20.507

Federal Transit Administration Cluster:
 Section 5309 Capital Assistance
 Section 5307 Operating, Capital and Planning Assistance

Dollar threshold to distinguish between type A and type B programs: \$843,297

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended June 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2012.

STATUS OF PRIOR YEARS AUDIT FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the prior year ended June 30, 2011.