

PIONEER VALLEY TRANSIT AUTHORITY

**Schedule of Expenditures of Federal Awards
and OMB A-133 Auditor's Reports**

Year Ended June 30, 2013

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CERTIFIED PUBLIC ACCOUNTANTS

Established 1938

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Pioneer Valley Transit Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Pioneer Valley Transit Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Pioneer Valley Transit Authority complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Pioneer Valley Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pioneer Valley Transit Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Transit Authority's basic financial statements. We issued our report thereon dated September 17, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic 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 basic 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 basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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September 17, 2013



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INDEPENDENT AUDITOR'S 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, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprise Pioneer Valley Transit Authority's basic financial statements, and have issued our report thereon dated September 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pioneer Valley Transit 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 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. Accordingly, we do not express an opinion on the effectiveness of Pioneer Valley Transit 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 Pioneer Valley Transit Authority's financial statements are free from 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.

Adelson & Company PC

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September 17, 2013

PIONEER VALLEY TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

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	\$ 514,201
Capital and planning assistance	20.507	MA-90-X541	1,237,345
Capital and planning assistance	20.507	MA-90-X567	722,943
Capital assistance	20.507	MA-90-X594	730,693
Capital and planning assistance	20.507	MA-90-X612	2,116,393
Paratransit ADA assistance	20.507	MA-90-X629	375,539
Preventive maintenance assistance	20.507	MA-90-X629	1,511,492
Paratransit ADA assistance	20.507	MA-90-X645	419,658
Capital assistance	20.507	MA-90-X645	2,625,368
Paratransit ADA assistance	20.507	MA-90-X694	1,316,411
Preventive maintenance assistance	20.507	MA-90-X694	1,115,714
American Recovery and Reinvestment Act capital assistance	20.507	MA-66-X002	349,708
American Recovery and Reinvestment Act capital assistance	20.507	MA-96-X002	127,497
Subtotal 5307			<u>13,162,962</u>
Section 5309			
Capital assistance	20.500	MA-03-0248	59,002
Capital assistance	20.500	MA-02-0230	183
Capital assistance	20.500	MA-04-0038	34,919
Capital assistance	20.500	MA-04-0063	14,404
Capital assistance	20.500	MA-04-0057	29,812
Subtotal 5309			<u>138,320</u>
Total 5307 and 5309 Cluster Program			<u>13,301,282</u>
Other direct programs			
Section 115 Capital assistance	20.205	MA-15-X004	322,942
Section 115 Capital assistance	20.205	MA-15-X007	56,415
Section 5316 Job Access Reverse Commute	20.516	MA-37-X023	8,886
Section 5317 New Freedom	20.521	MA-57-X021	57,137
Department of Homeland Security capital assistance	None	2009-RA-T9-0044	301,473
Department of Homeland Security capital assistance	None	2010-RA-T9-0044	12,891
Subtotal other direct programs			<u>759,744</u>
Total direct programs			<u>14,061,026</u>
Passed through Massachusetts Department of Transportation			
Section 5310 Capital assistance	20.513	MA-16-X005	111,280
Section 5311 Operating assistance	20.509	MA-19-X052	32,671
Total pass through programs			<u>143,951</u>
Total expenditures of federal awards			<u>\$ 14,204,977</u>

PIONEER VALLEY TRANSIT AUTHORITY**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****June 30, 2013****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, 2013. 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 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, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

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 auditor's report issued on compliance for major programs: Unmodified

- 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

Federal Grantor

Cluster

Federal Transit Administration Cluster:

20.500 and 20.507

Section 5309 Capital Assistance

Section 5307 Operating, Capital and Planning Assistance

Dollar threshold to distinguish between type A and type B programs: \$426,149

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended June 30, 2013

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2013.

STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

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