

**PIONEER VALLEY TRANSIT AUTHORITY**

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

**Year Ended June 30, 2010**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
 APPLICABLE TO EACH MAJOR PROGRAM AND 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, a component unit of the Commonwealth of Massachusetts, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. 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 referred to above 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 identified in the accompanying schedule of findings and questioned costs 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 on 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 are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

### **Internal Control Over Compliance**

Management of Pioneer Valley Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Pioneer Valley Transit Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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 Pioneer Valley Transit Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated August 30, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, Advisory Board, 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

August 30, 2010



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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 Pioneer Valley Transit Authority, a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 30, 2010. 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**

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 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 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 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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies 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 reported to management of Pioneer Valley Transit Authority in a separate letter dated August 30, 2010.

This report is intended solely for the information and use of management, Advisory Board, 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

August 30, 2010



PIONEER VALLEY TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

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 assistance	20.507	MA-90-X318	\$ 5,886
Capital and planning assistance	20.507	MA-90-X352	97,565
Capital and planning assistance	20.507	MA-90-X389	261,611
Capital assistance	20.507	MA-90-X404	376,244
Capital and planning assistance	20.507	MA-90-X425	100,503
Capital assistance	20.507	MA-90-X446	7,398
Capital and planning assistance	20.507	MA-90-X469	128,730
Capital and planning assistance	20.507	MA-90-X512	178,154
Capital and planning assistance	20.507	MA-90-X541	88,830
Capital and planning assistance	20.507	MA-90-X567	827,193
Paratransit ADA assistance	20.507	MA-90-X585	1,280,419
Preventive maintenance assistance	20.507	MA-90-X585	3,528,123
American Recovery and Reinvestment Act operating assistance	20.507	MA-96-X002	1,426,691
American Recovery and Reinvestment Act capital assistance	20.507	MA-96-X002	<u>2,262,563</u>
Subtotal			<u>10,569,910</u>
Section 5309			
Capital assistance	20.500	MA-03-0230	3,665
Capital assistance	20.500	MA-03-0248	819,131
Capital assistance	20.500	MA-03-0259	159,754
Capital assistance	20.500	MA-04-X020	<u>1,599,065</u>
Subtotal			<u>2,581,615</u>
Total 5307 and 5309 Cluster Program			<u>13,151,525</u>
Section 5316			
Job Access and Reverse Commute operating assistance	20.516	MA-37-X023	8,269
Job Access and Reverse Commute operating assistance	20.516	MA-37-X037	<u>449,497</u>
Total Section 5316			<u>457,766</u>
Section 5317 New Freedom	20.521	MA-57-X006	234,066
Section 5317 New Freedom	20.521	MA-57-X015	39,806
Section 115 Capital assistance	None	MA-15-X004	1,146,418
Section 115 Capital assistance	20.205	MA-15-X007	<u>3,981</u>
Subtotal			<u>1,424,271</u>
Department of Homeland Security capital assistance	None	2009-RA-T9-0044	<u>70,841</u>
Total direct programs			<u>15,104,403</u>
Passed through Massachusetts Executive Office of Transportation			
Section 5310 Capital assistance	20.513	2008DRAV	407,704
Section 5311 Operating assistance	20.509	MA-18-X049	<u>32,671</u>
Total expenditures of federal awards			<u>\$ 15,544,778</u>

**PIONEER VALLEY TRANSIT AUTHORITY****NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****June 30, 2010****NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of Expenditures of Federal Awards includes the federal grant activity of Pioneer Valley Transit Authority and is presented on the accrual basis of accounting. Federal assistance awards are deemed to be earned and reported as revenue when the Authority has incurred expenditures in compliance with the specific restrictions. Amounts received but not yet earned are reported as deferred revenues. 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.

**PIONEER VALLEY TRANSIT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2010**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency (ies) 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 weakness(es) identified?  yes  no
- Significant deficiency (ies) 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:

CFDA Number

20.500 and 20.507

Federal Transit Administration Cluster Program

Section 5309 Capital Assistance

Section 5307 Operating, Capital and Planning Assistance

See detail on Schedule of Expenditures of Federal Awards

Dollar threshold to distinguish between type A and type B programs: \$466,300

Auditee qualified as low-risk auditee?  yes  no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings for the year ended June 30, 2010



### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2010.

### STATUS OF PRIOR YEARS AUDIT FINDINGS AND QUESTIONED COSTS

#### COMPLIANCE

#### DEPARTMENT OF TRANSPORTATION - FEDERAL TRANSIT ADMINISTRATION (FTA)

#### CFDA No. 20.500 and 20.507

#### **Finding MP-1-05:**

#### **Ineligible costs incurred by the Authority**

**Grant numbers: MA-03-0214, MA-03-0216-02, MA-03-0239-2 and MA-90-0343-01**

**Grant Project: Springfield Union Station (the Project)**

**Grant period: Years ending June 30, 2002 through 2005**

#### *Condition:*

The Authority incurred \$5,223,360 in expenditures in connection with the Project that were deemed ineligible by FTA in accordance with OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments". The Authority had charged \$4,178,688 (80%) of the Project costs to four FTA grants, of which FTA reimbursed \$3,369,826. The remaining balance of \$808,861 was unpaid at June 30, 2009. In addition, the Authority owed FTA \$115,957 in interest earned on an advance deposit of real estate acquisition funds for the Project held by the Springfield Redevelopment Authority. This condition was cited as a finding in an FTA financial management oversight review performed in September 2005.

During fiscal year 2009, the Authority, upon discussions with the FTA, was able to reduce these ineligible costs, including the interest incurred thereon, to approximately \$1,428,000. Accordingly, the Authority recorded an estimated liability for that amount at June 30, 2009.

#### *Current Status:*

During fiscal year 2010, the Authority reached a final settlement with the FTA in the amount of \$1,086,142 of which \$142,640 was paid back directly to the FTA and \$943,502 was settled through a de-obligation of an existing federal award. The FTA also paid the Authority \$724,950 in unpaid prior year's receivables that were put on hold while the FTA conducted their review of the intermodal center projects.