

PIONEER VALLEY TRANSIT AUTHORITY
(A Component Unit of the Massachusetts
Department of Transportation)

Schedule of Expenditures of Federal Awards
and OMB Uniform Guidance Auditors' Reports

Year Ended June 30, 2020

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
 EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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 the Pioneer Valley Transit Authority's, a component unit of the Massachusetts Department of Transportation, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Pioneer Valley Transit Authority's major federal programs for the year ended June 30, 2020. The Pioneer Valley Transit Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 the Pioneer Valley Transit Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2020.

Report on Internal Control Over Compliance

Management of the 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 the 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 the Uniform Guidance, 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the Pioneer Valley Transit Authority as of and for the year ended June 30, 2020, 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, 2020 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 the Uniform Guidance 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 basic 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.

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September 17, 2020

**INDEPENDENT AUDITORS' 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 the Pioneer Valley Transit Authority, a component unit of the Massachusetts Department of Transportation, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Pioneer Valley Transit Authority's basic financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

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

ADELSON & COMPANY PC

September 17, 2020

PIONEER VALLEY TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation Federal Transit Administration				
Federal Transit Cluster - Direct Programs				
Federal Transit Formula Grants				
Section 5307 Capital and Planning Assistance	20.507		\$ 5,362,508	\$ 168,343
Section 5307 Preventive Maintenance Assistance	20.507		5,039,040	---
Section 5307 Congestion Mitigation and Air Quality Program	20.507		40,137	---
COVID-19 Section 5307 Operating Assistance	20.507		1,771,285	---
Total Federal Transit Formula Grants			<u>12,212,970</u>	<u>168,343</u>
Federal Transit Capital Investment Grants				
Section 5309 Capital Assistance	20.500		387,682	---
Bus and Bus Facilities Formula Program				
Section 5339 Capital Assistance	20.526		<u>2,400,281</u>	<u>---</u>
Total Federal Transit Cluster - Direct Programs			<u>15,000,933</u>	<u>168,343</u>
Transit Services Programs Cluster				
Section 5317 New Freedom Program - Direct Program	20.521		5,873	---
Passed through Massachusetts Department of Transportation				
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	110695	37,029	---
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	110292	28,456	---
Section 5310 Capital Assistance	20.513	N/A	<u>4,762</u>	<u>---</u>
Total Transit Services Programs Cluster			<u>76,120</u>	<u>---</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,077,053</u>	<u>\$ 168,343</u>

See accompanying notes to schedule of expenditures of federal awards.

PIONEER VALLEY TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pioneer Valley Transit Authority, a component unit of the Massachusetts Department of Transportation, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Pioneer Valley Transit Authority has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

PIONEER VALLEY TRANSIT AUTHORITY
(A Component Unit of the Massachusetts Department of Transportation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___yes no
- Significant deficiencies identified? ___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? ___yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified opinion on all major programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Cluster	Federal Transit Administration
20.500, 20.507, 20.526	Federal Transit Cluster Section 5307, 5309 and 5339

See detail on Schedule of Expenditures of Federal Awards

Dollar threshold to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes ___no

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended June 30, 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2020.

STATUS OF PRIOR AUDIT FINDINGS

There were no findings or questioned costs for the prior year ended June 30, 2019.