



U.S. Department  
of Transportation  
Federal Transit  
Administration

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OCT 06 2005

Mr. Gary A. Shepard  
Administrator  
Pioneer Valley Transit Authority  
2808 Main Street  
Springfield, MA 01107

Re: Springfield Union Station – Project Specific Audit Draft Report

Dear Mr. Shepard:

Enclosed is a draft copy of the "Agreed-Upon Procedures Review on Pioneer Valley Transit Authority (PVTA)" (the "Report") prepared specifically for the Springfield Union Station Project. The Report identifies a *Material Weakness* and three *Reportable Conditions*. The *Material Weakness* ("Ineligible Costs Incurred by PVTA") identifies a reimbursement owed to the Federal Transit Administration (FTA) for ineligible costs of \$3,369,826 plus interest. It also identifies an additional reimbursement owed to the FTA in the amount of \$115,956, which represents FTA's portion of the interest earned on PVTA's advance to the Springfield Redevelopment Authority for real estate acquisition funds. The principal amount has already been repaid.

In addition to the reimbursement owed to FTA, another significant concern is the lack of documentation identifying the source of local funds. Furthermore, based on the Report Findings, PVTA has not maintained the project budget or made disbursements for eligible expenses in accordance with OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments."

PVTA must provide FTA with a written response to all findings by October 21<sup>st</sup>. PVTA's response will be incorporated into the final report. I look forward to your written response.

Sincerely,

Richard H. Doyle  
Regional Administrator

Enclosure