COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

Milwaukee County Transit System

Independent Public Accountants' Report On Applying Agreed-Upon Procedures

Specified by Federal Transit Administration

Year ended December 31, 2015

COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

Independent Public Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Supervisors
of the County of Milwaukee
and the Federal Transit Administration:

The Federal Transit Administration has established the following standards with regard to the data reported for the Federal Funding Allocation Statistics form (Total Operating Expense data on F-30, line 15, column e, Form S-10, lines 12, 15, 18, 20, column d, Total Actual Vehicle Revenue Mile, Total Actual Vehicle Revenue Hour, Total Unlinked Passenger Trip data and Passenger Mile Traveled data and Fixed Guideway when applicable) in the transit agency's annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.

2. A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.

3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of 3 years following FTA's receipt of the NTD report. The data are fully documented and securely stored.

4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.

5. The data collection methods are those suggested by FTA or otherwise meet FTA requirements.

6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.

7. Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have performed the procedures to the data contained in the accompanying FFA-10 form for the fiscal year ending December 31, 2015. Such procedures, which were agreed to and specified by the FTA in the Declarations section of the 2015 Policy Manual and were

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agreed to by the Milwaukee County Transit System (the Agency), were applied to assist you in evaluating whether the Agency complied with the standards described in the first paragraph of this part and that the information included in the NTD report Federal Funding Allocation Statistics form for the fiscal year ended December 31, 2015 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2015 Policy Manual.

The Agency's management is responsible for the NTD annual report and related records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report is intended solely for your information and for FTA and should not be used by those who did not participate in determining the procedures.

The procedures were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles, fixed guideway directional route miles, passenger miles, and operating expenses of Milwaukee County Transit System (the Agency) for the fiscal year-ending December 31, 2015, for each of the following modes:

- Motor Bus - directly operated
- Vans, private carrier providing transit service under contract, and

The procedures that we performed are summarized as follows:

A. We read the Federal Transit Administration Reporting Manual (Reporting Manual) for the 2015 National Transit Database (NTD) Report Year, in particular, "Federal Funding Allocation Data Review Procedures "a" through "aa" discussed in that publication (Federal Funding Allocation Test).

B. We developed specified procedures tailored to the Agency, as enumerated below, based on FTA's Federal Funding Allocation Data review requirements as set forth in the Reporting Manual.

C. We reviewed with Mr. Dan Pryba, Accounting Supervisor, the Agency's procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630. According to Ms. Tracy Harrington, the Agency has its own written procedures related to the system for reporting and maintaining Transit Plus data as documented in the 2015 Policy

Manual. (Reporting Manual Federal Funding Allocation Data review procedure "a").

D. We discussed with Mr. Pryba procedures referenced in procedure (C), above. We inquired whether the Agency followed such procedures on a continuous basis and whether the procedures resulted in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630. We were informed by Mr. Pryba that, to the best of his knowledge, the Agency has followed such procedures on a continuous basis and that the Agency's accumulation and reporting of data is consistent with the NTD definitions and requirements as set forth in 49 CFR Part 630. (Reporting Manual Federal Funding Allocation Data review procedure "b").

E. We inquired of Mr. Pryba concerning the retention policy that is followed by the Agency with respect to source documents supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, Line 12 and 20, column d). Per Mr. Pryba, the documentation and source documents are retained by the Agency for the three years following the year in which the report is due to the FTA. (Reporting Manual Federal Funding Allocation Data review procedure "c").

F. For the purposes of motorbus testing, we identified the source documents that are to be retained by the Agency for a minimum of three years. For each of the required documents listed below, we reviewed the source documents for the weeks identified. We located and observed the following source documents supporting NTD data reported on Forms F-30 and S-10 for the year ended December 31, 2015, and noted the documents had been properly retained:

- Schedule Miles Report (weeks 10, 32, and 50)
- Deviation sheets (weeks 10, 32, and 50)
- FTA on-off count sheets (weeks 10, 32, and 50)

(Reporting Manual Federal Funding Allocation Data review procedure "d").

G. For the purposes of vans testing, we identified the source documents that are to be retained by the Agency for a minimum of three years. For each of the required documents listed below, we reviewed the source documents for the months of March, June and November 2015. We located and observed the following source documents supporting NTD data reported on Forms F-30 and S-10 for the year ended December 31, 2015 and noted the documents had been properly retained:

- Trip Vouchers
- Detailed Billing Reports
- Billing Summary Reports

H. We inquired of Mr. Pryba whether individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed. We were informed that the source documents are independently reviewed on a weekly and monthly basis for motorbus data. According Ms. Harrington, the source documents for Transit Plus are reviewed monthly. (Reporting Manual Federal Funding Allocation Data review procedure "e").

I. We selected a random sample of source documents for procedure "d". We used the same documents to verify that supervisors' signatures were present as required by the Agency's internal control structure. There were no instances of noncompliance noted (Reporting Manual Federal Funding Allocation Data review procedure "f").

J. We obtained the worksheets utilized by the Agency to prepare the final data, which are transcribed onto the Federal Funding Allocation Statistics form. We compared the periodic data included on the worksheets to the Form F-10 and tested the arithmetical accuracy of the summarization. (Reporting Manual Federal Funding Allocation Data review procedure "g").

K. Per Mr. Pryba, for the purposes of motor bus passenger reporting, the Agency uses an estimate of passenger miles based on statistical sampling. Per Ms. Harrington, Transit Plus also uses actual passenger miles based on data received from the contractors. All methods used in 2015 are outlined and approved by the FTA as meeting the Section 15 reporting requirements in Circular UMTA C2710.1A (Reporting Manual Federal Funding Allocation Data review procedure "h").

L. We discussed with Mr. Pryba the eligibility of the Agency to conduct statistical sampling for passenger mile data every third year under the guidelines promulgated in 49 CFR Part 630. Mr. Pryba informed us that the Agency is not eligible and statistical sampling must be done annually. (Reporting Manual Federal Funding Allocation Data review procedure "i").

M. Per discussion with Jeffery Sponcia, Manager of Planning, MCTS uses HASTUS schedule software (made by GIRO) to generate the random sample selections of the trip data to be tested. These random selections are generated weekly for the upcoming week using the most up to date schedule data. The trips are listed by week, and the trip selections are assigned to buses that have automatic passenger counter (APC) equipment for a specific route, time, and day. The APC unit records the run number, bus number, time of trip, number of passengers both boarding at stops and remaining on the bus in-between stops. This information is then processed in the Schedule and Planning Department. (Reporting Manual Federal Funding Allocation Data review procedure "j").

N. We selected a random sample of the source documents for accumulating Motor Bus passenger mile data and determined that they were complete, (all required data were recorded) and that the computations were accurate. We reviewed the source documents for weeks 4, 9, 13, 19, 22, 28, 35, 41, 44, 47, 50 and 52 in 2015. We noted that the passenger mile data was complete and no mathematical errors existed. (Reporting Manual Federal Funding Allocation Data review procedure "k").

O. For the purposes of Transit Plus reporting, we selected a random sample of the source documents for accumulating passenger mile data and determined they were complete (all the required data was recorded) and that the computations were accurate. We reviewed the source documents for the months April, August, and November 2015. We noted the passenger and actual revenue mile data was complete and no mathematical errors existed. (Reporting Manual Federal Funding Allocation Data review procedure "k").

P. We discussed with Mr. Pryba, procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of motorbus vehicle revenue. In order to determine if the stated procedures were followed, we selected a random sample of the source documents used to record charter and school bus mileage and proved the arithmetical accuracy of the computations. We selected three weeks (weeks #10, 32, and 50) and reviewed the scheduled miles reports and the deviation sheets used to arrive at the actual vehicle miles for those weeks. We noted that all school bus and charter mileage was properly excluded and amounts were computed correctly. These deviation sheets also included trips that were scheduled but missed and as such were properly deducted as well from the actual vehicle miles. (Reporting Manual Federal Funding Allocation Data review procedure "L").

Q. Per Mr. Pryba, the vehicle revenue mile data for motor bus is calculated using schedules. The missed trips and school trips are deducted via the deviation sheets. Deadhead miles are systematically excluded from the summarization. For the purposes of Transit Plus reporting, vehicle logs are used to compute the vehicle revenue mile data. We selected a random sample of documents and verified that deadhead miles were not included in the calculation. (Reporting Manual Federal Funding Allocation Data review procedure "m").

R. Operating Expense Reconciliation for Motor Bus:

Operating expense per ledger	$127,821,267
Operating Cross-charges per DPW ledger	1,441,434
Non-Operating costs included in ledger	60,356
Tire Lease	606,599
Marketing Grant	959,168
Conference Expense	113
Other Meeting Expense	600
Miscellaneous Expenses	-
Less: Contracted services	(2,394,399)
Lease	(11,410)
Overhead Adjustment to Transit Plus	(7,925)
Operating Expense per Form F-30	$128,475,804

Operating Expense Reconciliation for Transit Plus:

Operating expense per ledger	$ 15,477,494
Operating Cross-charges per DPW ledger	198,390
Supplies	-
Overhead Adjustment from Motor Bus	7,925
Less: Depreciation	(532,806)
Contracted Services	(1,385,898)
Operating Expense per Form F-30	$ 13,765,105

(Reporting Manual Federal Funding Allocation Data review procedure "u").

S. We inquired of Ms. Herrington the Agency contracts for transportation service. We were informed that the Agency contracts for transportation service and that purchased transportation fare revenues are retained by the contract service providers. We obtained documentation of the retained fare revenue amount as reported by the contract service provider and agreed this amount to retained fare revenues reported on Form B-30 by the Agency. The F-30 report shows Transit Plus reported about $34,462 of filing separate report expenses, which is the amount for Waukesha Metro (5096).

T. We were informed, by Mr. Pryba, that the Agency contracts for transportation service with contractors that operated fewer than 100 vehicles for the Agency's contracted service at peak. MCTS purchases transportation from two different contractors. We were provided with 2 out of the 2 independent contractor's auditor's reports. Copies of the reports are attached to this report. (Reporting Manual Federal Funding Allocation Data review procedure "v").

U. We obtained a copy of the contracts for the purchase of transportation service and read them to determine that the contracts specify the specific mass transportation services to be provided by the contractors, specify the monetary consideration obligated by the Agency for the service, specify the period covered by the contracts, and that this period is the same as the period covered by the Agency's NTD Report, and is signed by the representatives of both parties to the contract. We noted no exceptions. We also inquired of Mr. Pryba regarding the retention of the executed contracts, and were told that copies of the contracts are retained for a minimum of three years. (Reporting Manual Federal Funding Allocation Data review procedure "x").

V. We compared the motorbus data reported on the Total Modal Operating expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We also compared Transit Plus data reported on the Form F-30, S-10 to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We noted motorbus vehicle revenue miles, passenger miles and operating expense data did not increase or decrease by more than 10 % from last year. We noted TransitPlus vehicle revenue miles, passenger miles and operating expense data did not increase or decrease by more than 10 % from last year.

W. *Percentage change in the following for motorbus data:*

	2015	2014	Change %
Vehicle revenue miles	16,403,464	15,448,077	6%
Passenger miles	134,205,872	142,120,808	-6%
Operating expense data	128,475,805	133,286,101	-4%

Percentage change in the following for Transit Plus data:

	2015	2014	Change %
Vehicle revenue miles	2,654,060	2,788,242	-5%
Passenger miles	2,991,433	3,192,122	-6%
Operating expense data	13,765,105	13,501,351	2%

(Reporting Manual Federal Funding Allocation Data review procedure "z").

As a result of performing the procedures described above we did not identified any noncompliance with FTA mandated standards.

The following Reporting Manual Federal Funding Allocation Data review procedures were not applicable to the Agency and therefore, were not performed:

Reporting Manual Federal Funding Allocation Data review procedure n, o, p, q, r, s, t and y.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Federal Funding Allocation Statistics Form. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Also, we do not express an opinion on the transit Agency's system of internal control taken as a whole.

This report relates only to the information described above, and does not extend to the transit Agency's financial statements taken as a whole or the forms in the transit Agency's NTD report other than the Federal Funding Allocation Statistics Form, for any date or period.

This report is intended solely for the information and use of the Board of Supervisors of the County of Milwaukee, the FTA, and the Agency, and is not intended to be and should not be used by anyone other than those specified parties.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
June 22, 2016

Independent auditor's report to the members of FirstGroup plc

Opinion on financial statements of FirstGroup plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, and the related notes 1 to 38, the parent company balance sheet, the parent company statement of changes in equity and the related notes to the parent company balance sheet 1 to 10. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 "Reduced Disclosure Framework".

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained with the Strategic report on page 46 and Other statutory information on pages 103 to 104 and note 2 to the financial statements and the directors' statement on the longer-term viability of the group contained within the strategic report on page 41.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 58 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 36 to 41 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement within the Strategic report on page 46 and Other statutory information on pages 103 to 104 and note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 41 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
The assessment of the carrying value of First Student goodwill (£1,123m) in the consolidated balance sheet The assessment of the carrying value of goodwill and intangibles, as described in note 2, involves judgement in relation to forecasting future cash flows and is sensitive to growth rates and the discount rate applied to the future cash flows. The Cash Generating Unit (CGU) most sensitive to variation in these assumptions is the First Student CGU, as described in note 11 to the financial statements, where headroom has decreased from £301m to £232m as it continues to implement its returns based strategy while facing certain cost challenges. Management has highlighted impairments of intangible assets (including goodwill) as a key accounting judgement and source of estimation uncertainty in note 2.	We challenged management's assumptions used in their impairment model for goodwill, specifically including the cash flow projections, discount rates and growth rates applied. Our procedures included: ▪ considering the identification of appropriate cash generating units; ▪ assessing profit forecast projections with reference to historical trading performance and profit forecasting accuracy; ▪ comparing the discount rate applied against a broad comparator group as well as involving our internal valuation specialists to review underlying calculations and assess the key components of the discount rate calculation; ▪ comparing the growth rates applied to the long term average growth rate of the relevant jurisdiction, as well as comparing historical growth rates to the equivalent measures; ▪ considering the reasonableness of, and recalculating, the sensitivity assessment applied by management; ▪ performing further independent sensitivity analysis on the impairment model; and ▪ considering the appropriateness of the disclosure on reasonably possible changes.
The assessment of the valuation and completeness of third party claims and associated provisions (£408m) in the consolidated balance sheet The valuation and completeness of both legal and US self-insurance provisions are a source of estimation uncertainty, as described in note 26, which require management's best estimate in assessing the likeliness and valuation of settlement, where applicable, the discount rate applied to the expected settlement values. The US self-insurance claims have decreased in both volume and severity during the year, but the claim development has increased. Management has highlighted self-insurance as a key accounting judgement and source of estimation uncertainty in note 2.	The audit procedures we performed in respect of this risk included: ▪ working with our own actuarial experts to test a range of estimates determined by management and their external actuary considering the methodologies employed and comparing assumptions used to the Group's historical experience; ▪ independently developed an actuarial calculation and compared the provision recorded to the actuarial range calculated by the external actuary; ▪ tested a sample of the underlying data used to develop the provision for completeness and accuracy and challenged the appropriateness of the discount rate used through comparison to previous years and those used by similar entities; ▪ evaluating historical accuracy of claims forecasting to determine the reasonableness of the provision; and ▪ for legal claims, obtaining confirmations from internal and independent external legal counsel.
Valuation of pension scheme liabilities (£4.0bn) in the consolidated balance sheet The Group operates in a labour intensive industry with large membership to a number of defined benefit pension schemes. The gross pension liabilities, as disclosed in note 35, are materially sensitive to changes in the underlying assumptions adopted. Management exercise significant judgement when determining those assumptions, particularly the discount rate, inflation, and mortality rates. During the year the Group has revised the calculation of the First Rail franchise pension adjustment under IAS19 (Revised) to more accurately reflect the shorter duration and commercial terms of GWR and TPE franchises. This change in accounting estimate has been triggered by the new direct awards operated by GWR and TPE in the period and has been applied prospectively from 1 April 2015. Management has highlighted defined benefit pension arrangements as a key accounting judgement and source of estimation uncertainty in note 2.	The audit procedures we performed in respect of this risk included: ▪ working with our own actuarial experts to test the assumptions used by management in valuing the Group's defined benefit pension scheme liabilities such as the discount rate, inflation and mortality rate; ▪ testing the values of the assets in the schemes and the accuracy and completeness of the member data used by the actuaries in performing their assessment of the schemes; ▪ performing sensitivity analysis on the key assumptions and comparing them to industry benchmarks and the prior years' rates adopted; and ▪ audited the change in estimate for the calculation of the rail franchise adjustment, confirming its consistency with the principles of IAS19 (Revised) and market practice in the sector.

Risk	How the scope of our audit responded to the risk
Revenue recognition including contract accounting The Group operates a number of long term contracts including First Rail franchises and certain North American passenger and service contracts. Management exercise judgement in determining the appropriate timing and valuation of revenue recognised, valuation of associated deferred and accrued income and the evaluation of the overall profitability of these contracts. Management has highlighted contract and franchise accounting as a key accounting judgement and source of estimation uncertainty in note 2.	To test the risk of material misstatement in respect of revenue recognition, our procedures included: ▪ assessing and challenging the judgements taken by management by reference to the underlying contract terms and applicable accounting standards; and ▪ challenging the levels of income accrued at the balance sheet date in relation to unbilled contract revenue in particular in the North American businesses, and deferred in relation to ongoing compensation claims in the UK rail businesses.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 67.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £8.0m (2015: £7.9m), which is 4.8% (2015: 4.8%) of adjusted pre-tax profit (as defined on page 118), and below 1% (2015: 1%) of equity. The adjusted pre-tax profit measure has been used to exclude the volatility of non-recurring items. In addition, the exclusion of amortisation and the income statement effect of ineffective and unhedged financial derivative valuation is consistent with the key measure used by the Group for internal and external reporting purposes. This measure has been used to facilitate a better understanding of the trading performance of the Group.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £160,000 (2015: £158,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the four First Bus operating regions, two significant Train Operating Companies, the operations in North America and the Group, Rail division and Bus division corporate head office functions as well as the UK Shared Service Centre. These locations were subject to full audit procedures. First Rail Holdings was subject to specified audit procedures on rail franchise bid costs based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at that location. These locations were subject to full audit procedures and represent the principal business units and account for 89% of the Group's net assets, 99% of the Group's revenue and 100% of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at locations subject to full audit procedures was executed at levels of materiality applicable to each individual location which was lower than Group materiality.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

We include all component audit teams in our team briefing, discuss their risk assessment and a senior member of the Group audit team has visited all locations to review documentation of the findings from their work. Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of FirstGroup plc
continued

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Mullins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

14 June 2016

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April 15, 2016

Owner
Transit Express, Inc.
424 West Cherry Street
Milwaukee, WI 53212

Dear Owner:

We have audited the financial statements of Transit Express, Inc., (the "Company") for the year ended December 31, 2015, and have issued our report thereon dated April 15, 2016. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States and *Government Auditing Standards*

As stated in our engagement letter dated December 31, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Supplementary Information Accompanying Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We are not aware of any documents or other information containing audited financial statements and, furthermore, management has not requested us to devote attention to any documents containing audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to your representative, Ms. Mary Smarelli, in our engagement letter dated January 26, 2016, accepted by Ms. Smarelli

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period under audit.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's expectations. The most sensitive estimates affecting the financial statements are the valuation of inventory, the valuation of intangibles, the valuation of the insurance reserve, and the allocation of expenses between programs

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Company's financial reporting process.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 15, 2016, a copy of which accompanies this letter.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Company's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audits of the financial statements of the Company as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") 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 the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 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. In addition, because of the inherent limitations in internal control, including the possibility of management override of internal controls, misstatements due to error or fraud may occur and not be detected by such controls.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We appreciate the opportunity to be of service to Transit Express, Inc.

This letter is intended solely for the use of the owner, management, the Milwaukee County Department on Aging, and the Milwaukee County Department of Public Works and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wipfli LLP

Wipfli LLP

Enc.

Transit Express

424 West Cherry Street • Milwaukee, WI 53212 • Phone: (414) 264-7433 Fax: (414) 264-7460

April 15, 2016

Wipfli LLP
10000 Innovation Drive
Suite 250
Milwaukee, WI 53226

This representation letter is provided in connection with your audits of the financial statements of Transit Express, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income and comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States ("GAAP").

This representation letter is also provided in connection with your audit of the federal and state award programs of the Company as of and for the year ended December 31, 2015 which was performed in accordance with auditing standards generally accepted in the United States; the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We understand that the purpose of your testing of transactions and records from the Company's federal and state programs was to obtain reasonable assurance that the Company had complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major programs.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 26, 2016.

2. The financial statements referred to above are fairly presented in conformity with GAAP.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.

7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.

9. Material concentrations have been properly disclosed in accordance with GAAP.

10. Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with GAAP.

11. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal and state awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and state awards.

Information Provided

12. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Company from who you determined it necessary to obtain audit evidence.

13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company involving:

a. Management.

b. Employees who have significant roles in internal control.

c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, regulators, or others.

17. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

19. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP.

20. We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.

21. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.

22. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the Company's assets might not be recoverable and have appropriately recorded the adjustment.

23. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

24. We believe the security in place for the captive insurance plan is adequate to cover anticipated claims and consequently, we do not feel that additional premiums related to the captive insurance plan are required to be accrued at December 31, 2015.

25. The Company has determined that a discretionary contribution shall be made to the profit-sharing plan for the years ended December 31, 2015 and 2014. This amount has been appropriately accrued for.

26. The Company has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.

27. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Company vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

28. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

29. We have complied with all restrictions on resources and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.

30. The Company has elected to be treated as an S Corporation under the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Company's tax status have been disclosed to you. All required filings with tax authorities are up to date.

31. Federal and state income tax returns remain open to review through their respective statutory time periods. There are no examinations by such taxing authorities currently in progress and there are no items in dispute as of the date of this letter

32. We acknowledge our responsibility for presenting the Allowable Profit Supplement Schedule – Milwaukee County Department on Aging and the Schedule of Revenue and Allowable Expenses by Contract – Milwaukee County Department on Aging (collectively "the supplementary information") in accordance with accounting principles generally accepted in the United States, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

With Respect to Federal and State Award Programs

33. With respect to federal award programs:

    a. We are responsible for complying and have complied with the requirements of the *Department of Health Services Audit Guide*, and any other applicable laws and regulations and provisions of contracts and grant agreements.

    b. We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

    c. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

d. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal and state programs.

e. We have received no requests from a federal, state, or local agency to audit one or more specific programs as a major program.

f. We have complied with the direct and material compliance requirements relating to federal and state awards and have identified and disclosed to you all amounts questioned and all noncompliance with the direct and material compliance requirements of federal and state awards.

g. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

h. We have disclosed to you our interpretation of compliance requirements that have varying interpretations, if any.

i. We have made available to you all documentation relating to the compliance requirements with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

j. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

k. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance) have occurred subsequent to the date as of which compliance was audited.

l. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

m. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

n. The copies of the Company's federal and state program financial reports provided to you are true copies of the reports submitted or electronically transmitted to the federal agencies and pass-through entities.

o. We have charged costs to federal and state awards in accordance with applicable cost principles.

34. There have been no irregularities or instances of fraud involving management, employees who administer federal or state programs, or other employees that could have a material effect on federal and state programs.

35. There has been no known noncompliance occurring subsequent to December 31, 2014 or events occurring subsequent to that date that would require adjustment to or disclosure in the schedule of expenditures of federal and state awards.

Schedule of Expenditures of Federal and State Awards

36. The schedule of expenditures of federal and state awards (the "SEFA") and related notes to the schedule of expenditures of federal and state awards are accurate and complete in all material respects, presents the information required by the *Department of Health Services Audit Guide*, and include all federal and state program expenditures made during the year ended December 31, 2015.

37. We acknowledge our responsibility for presenting the SEFA and we believe the SEFA, including its form and content, is fairly presented. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

38. The Company has identified in the SEFA all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees and other noncash awards, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

39. Information presented in federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the Company's basic financial statements have been prepared on a basis consistent with that presented in the schedule of expenditures of federal and state awards.

Sincerely,

TRANSIT EXPRESS, INC.

Mary [illegible] President
[Signature, Title]

John J. Doherty
[Signature, Title]

Randy Weaver Controller
[Signature, Title]