



**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 to it in the Federal Funding Allocation Statistics Form of 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 applied the procedures to the data contained in the Federal Funding Allocation Statistics form for the fiscal year ending December 31, 2009. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2009 Reporting Manual and were 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, 2009 is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System; Final Rule, as specified in 49



CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2009 Reporting Manual. The Agency's management is responsible for the Agency's accounting records. This agreed-upon procedures engagement was conducted in accordance with the 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 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, 2009, for each of the following modes:

- Motor Bus - directly operated
- Van Pool - directly operated
- Vans, private carrier providing transit service under contract, and
- Taxis, private carrier providing transit service under contracts.

The procedures that we performed are summarized as follows:

- A. We read the Federal Transit Administration Reporting Manual (Reporting Manual) for the 2009 National Transit Database (NTD) Report Year, in particular, "Federal Funding Allocation Data Review Procedures "a" through "y" 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. Glenn Nettesheim, Manager of Accounting and Payroll, and Mr. Mike Benes Contract Manager for Transit Plus, 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 Mr. Mike Benes, Contract Manager, the agency has its own written procedures related to the system for reporting and maintaining Transit Plus data as documented in the 2009 Reporting Manual. (Reporting Manual Federal Funding Allocation Data review procedure "a").
- D. We discussed with Mr. Nettesheim the 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. Nettesheim 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. Nettesheim concerning the retention policy that is followed by the agency with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form. Per Mr. Nettesheim, 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 Form FFA-10 for the year ended December 31, 2009, and noted the documents had been properly retained:
- Schedule Miles Report (weeks 7, 23 and 42)
 - Deviation sheets (weeks 7, 23 and 42)
 - FTA on-off count sheets (weeks 7, 23 and 42)
 - Time sheets/cards (weeks 10, 32 and 52)
 - Payroll registers (weeks 10, 32 and 52)
- (Reporting Manual Federal Funding Allocation Data review procedure “d”).
- G. For the purposes of vanpool 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 May, July and December 2009. We located and observed the following source documents supporting NTD data reported on Form FFA-10 for the year ended December 31, 2009 and noted the documents had been properly retained:
- Monthly Van Pool Mileage Report for each vehicle
 - Monthly Status Report
- (Reporting Manual Federal Funding Allocation Data review procedure “d”).
- H. For the purposes of vans and taxis (“Transit Plus”) 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 May, July and December 2009. We located and observed the following source documents supporting NTD data reported on Form FFA-10 for the year ended December 31, 2009 and noted the documents had been properly retained:
- Trip Vouchers
 - Detailed Billing Reports
 - Billing Summary Reports
- (Reporting Manual Federal Funding Allocation Data review procedure “d”).



- I. We inquired of Mr. Nettesheim 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 and vanpool data, respectively. According to Mr. Benes, the source documents for Transit Plus are reviewed monthly. (Reporting Manual Federal Funding Allocation Data review procedure "e").
- J. 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").
- K. 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").
- L. Per Mr. Nettesheim, for the purposes of motor bus passenger reporting, the agency uses an estimate of passenger miles based on statistical sampling; for the purposes of van pool passenger reporting, the agency uses actual passenger miles as calculated from the monthly Van Pool mileage reports. Per Mr. Benes, Transit Plus also uses actual passenger miles based on data received from the contractors. All methods used in 2009 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").
- M. We discussed with Mr. Nettesheim 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. Nettesheim informed us that the agency is not eligible and statistical sampling must be done annually. (Reporting Manual Federal Funding Allocation Data review procedure "i").
- N. Per discussion with Tom Winter, Manager of Planning, the UTMA Trips System is used to generate the random sample selections of the trip data to be tested. These random selections are generated quarterly, listed by week, and the trip selections are assigned to the automatic passenger counter system (APC) for a specific day. The APC will record the run#, bus#, 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 Traffic Department. (Reporting Manual Federal Funding Allocation Data review procedure "j").
- O. 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 6, 10, 14, 18, 23, 24, 27, 35, 39, 46, 48 and 52 in 2009. We noted that the passenger mile data was complete and no mathematical errors existed. (Reporting Manual Federal Funding Allocation Data review procedure "k").



- P. For the purposes of Van Pool 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 following vehicles: Vehicle #VP-35, #VP-40 and #VP-46. 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").
- Q. 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 of January, July and October 2009. 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").
- R. We discussed with Glenn Nettesheim, 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 #9, 26 and 46) 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").
- S. Per Mr. Nettesheim, 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 Van Pool and 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").

T. Operating Expense Reconciliation for Motor Bus:

Operating expense per ledger	\$134,775.536
Operating Cross-charges per DPW ledger	2,096,830
Non-Operating costs included in ledger	229,961
Tire Lease	463,294
Marketing Grant	677,291
Planning	192,033
Less: Contracted services	(2,195,780)
Total operating expense	\$136,239,165
Operating Expense per Form FFA-10	\$136,239,165



Operating Expense Reconciliation for Van Pool:	
Operating expense per ledger	\$ 99,003
Operating expense per Form FFA-10	\$ 99,003

Operating Expense Reconciliation for Transit Plus:	
Operating expense per ledger	\$ 25,963,805
<u>Operating Cross charges per DPW ledger</u>	<u>39,903</u>
Total operating expense	\$ 26,003,708
Operating expense per Form FFA-10	\$ 25,960,257

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

- U. We inquired of Mr. Benes whether 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 FFA-10 report shows MCTS reported about \$25,960,257 of expenses on the FFA-10 report and on the F-30 report was \$26,003,708 a difference of \$40,997 which is the amount for Waukesha Metro (5096).
- V. We were informed, by Mr. Benes, 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 four different contractors. We were provided with 4 out of the 4 independent contractor's auditor's reports. Copies of the reports are attached to this report. (Reporting Manual Federal Funding Allocation Data review procedure "v").
- W. 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. Benes 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 "w").



X. We compared the motorbus data reported on the Federal Funding Allocation form (Form FFA-10) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We also compared Van Pool data and Transit Plus data reported on the Form FFA-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 and Transit Plus vehicle revenue miles, passenger mile and operating expense data did not increase or decrease by more than 10 % from last year. We also noted that Van Pool operating expense did not change by more than 10% from the prior year. We however, noted that Van Pool vehicle revenue mile and passenger mile increased by more than 10 % from last year. We obtained a written response from Paul Snifka for the 19% and 11% increase in Motorbus' vehicle revenue mile and passenger miles respectively. We reviewed the written response from Paul and were satisfied with the explanation.

Y. Percentage change in the following for motorbus data:

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Vehicle revenue miles	15,988,024	16,082,885	-1%
Passenger miles	140,160,585	152,508,644	-8%
Operating expense data	136,239,165	134,287,162	3%

Percentage change in the following for Van Pool data:

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Vehicle revenue miles	270,616	227,798	19%
Passenger miles	1,188,193	1,066,784	11%
Operating expense data	99,003	103,445	-4%

Percentage change in the following for Transit Plus data:

	<u>2009</u>	<u>2008</u>	<u>Change %</u>
Vehicle revenue miles	5,126,534	5,027,060	2%
Passenger miles	7,412,421	7,154,121	4%
Operating expense data	25,960,257	23,798,415	9%

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

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

Z. 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, and x.



COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

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
April 23, 2010

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INDEPENDENT AUDITORS' REPORT

The Members
American Logistics Company, LLC
Santa Ana, California

We have audited the accompanying balance sheet of American Logistics Company, LLC (the Company) as of December 31, 2008, and the related statements of income, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Rosner Brown Touchstone & Keller, LLP

May 15, 2009



Audits, Reviews & Compilations *Tax Planning & Compliance* Controllership Services *Business Valuations* QuickBooks Advising
Human Resource Help Desk Handbook Development *Personalized Payroll Services* Business Connectivity *Computer Network Solutions*

Independent Auditor's Report

Board of Directors
American United Taxicab Co., Inc.
Milwaukee, Wisconsin

We have audited the accompanying balance sheets of American United Taxicab Co., Inc. as of December 31, 2008 and 2007 and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American United Taxicab Co., Inc. as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Jannsen & Company, S.C.

Certified Public Accountants

April 10, 2009

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Independent Auditor's Report

Board of Directors
Transit Express Services, Inc.
Milwaukee, Wisconsin

We have audited the accompanying balance sheets of Transit Express Services, Inc. as of December 31, 2008, and the related statements of income and comprehensive income, stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of Transit Express Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Transit Express Services, Inc. as of and for the year ended December 31, 2007, were audited by other auditors, whose report dated June 10, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of Transit Express Services, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

June 27, 2009
Milwaukee, Wisconsin

Independent auditors' report to the members of FirstGroup plc

We have audited the Group financial statements of FirstGroup plc for the year ended which comprise the Group Income Statement, the Group Statement of Recognised Income and Expense, the Group Balance Sheet, the Group Cash Flow Statement, and the related notes 1 to 38. These Group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent Company financial statements of FirstGroup plc for the year ended 31 March 2009.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements. In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements and the part of the Directors' Remuneration Report to be audited.

**OPINION**

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the Directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Group financial statements.

SEPARATE OPINION IN RELATION TO IFRSs

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended.

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
13 May 2009