



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, 2011



**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 Data (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 applied the procedures to the 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 for the fiscal year ended December 31, 2011. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2011 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, 2011 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 2011 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 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-ended December 31, 2011, for each of the following modes:

- Motor Bus - 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 2011 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. Paul Snifka, Supervisor of Accounting, 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 2011 Reporting Manual. (Reporting Manual Federal Funding Allocation Data review procedure "a").
- D. We discussed with Mr. Snifka 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. Snifka 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. Snifka 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. Snifka, 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, 2011, and noted the documents had been properly retained:
- Schedule Miles Report (weeks 12, 23 and 50)
 - Deviation sheets (weeks 12, 23 and 50)
 - FTA on-off count sheets (weeks 12, 23 and 50)
 - Time sheets/cards (weeks 12, 23 and 50)
 - Payroll registers (weeks 12, 23 and 50)
- (Reporting Manual Federal Funding Allocation Data review procedure “d”).
- G. 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 March, June and November 2011. 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, 2011 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”).
- H. We inquired of Mr. Snifka 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 to Mr. Benes, 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. Snifka, for the purposes of motor bus passenger reporting, the agency uses an estimate of passenger miles based on statistical sampling. Per Mr. Benes, Transit Plus uses actual passenger miles based on data received from the contractors. All methods used in 2011 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. Snifka 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. Snifka 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 Tom Winter, Director of Schedule and 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 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 Traffic 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 9,12,17,19,26,29,34,37,40,44,46 and 51 in 2011. 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 of March, June and November 2011. 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 Paul Snifka, 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 #12, 23 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



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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. Snifka, 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	\$ 133,658,591
Operating Cross-charges per DPW ledger	1,691,679
Non-Operating costs included in ledger	505,927
Tire Lease	414,713
Marketing Grant	1,573,866
Planning	187,500
Less: Contracted services	(2,209,543)
Lease	<u>(17,134)</u>
Operating Expense per Form F-30	\$ 135,805,599

- Operating Expense Reconciliation for Transit Plus:

Operating expense per ledger	\$ 22,219,971
Operating Cross charges per DPW ledger	<u>74,399</u>
Operating expense per Form F-30	22,294,370
Less: Contracted services	<u>(42,196)</u>
Operating expense	\$ 22,252,174

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

- S. We inquired of Mr. Benes 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 \$42,196 of filing separate report expenses, which is the amount for Waukesha Metro (5096).
- T. 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”).



- 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. 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").
- 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 and 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 that motorbus vehicle revenue miles, passenger mile and operating expense data did not increase or decrease by more than 10 % from last year. We however, noted that Transit Plus vehicle revenue mile, passenger mile, and operating expense decreased by more than 10 % from last year. We obtained a written response from Paul Snifka for the 12%, 22% and 15% decrease in Transit Plus vehicle revenue mile, passenger miles, and operating expense, respectively. We reviewed the written response from Paul and were satisfied with the explanation.
- W. Percentage change in the following for motorbus data:

	<u>2011</u>	<u>2010</u>	<u>Change %</u>
Vehicle revenue miles	15,291,631	15,640,870	-2%
Passenger miles	132,206,061	129,194,301	2%
Operating expense data	135,805,599	134,064,230	1%

Percentage change in the following for Transit Plus data:

	<u>2011</u>	<u>2010</u>	<u>Change %</u>
Vehicle revenue miles	4,137,119	4,873,013	-15%
Passenger miles	5,441,874	6,957,482	-22%
Operating expense data	22,252,174	26,093,355	-15%

(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.

- X. 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.



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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
May 3, 2012

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INDEPENDENT AUDITORS' REPORT

The Members
American Logistics Company, LLC
Santa Ana, California

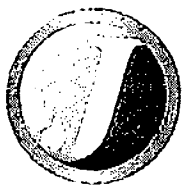
We have audited the accompanying balance sheet of American Logistics Company, LLC (the Company) as of December 31, 2010, and the related statements of income, members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility 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, 2010, 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

March 31, 2011



JANNSEN COMPANY

CPA & Accounting Services
Information Technology
Wealth Management
Human Resources
Payroll Specialists

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, 2010 and 2009 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.

As more fully described in Note H to the financial statements, the Company's financial statements do not include the accounts of Horner Sod Farm Partnership, LLP that the Company has determined is a variable interest entity and in which the Company holds a variable interest and is the primary beneficiary. In our opinion, the Company's financial statements should include the accounts of Horner Sod Farm Partnership, LLP to conform with accounting principles generally accepted in the United States of America. The effects of this departure from generally accepted accounting principles on the financial position, results of operations, and cash flows of American United Taxicab Co., Inc. are not reasonably determinable.

In our opinion, except for the effects on the 2010 the financial statements of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of American United Taxicab Co., Inc. as of December 31, 2010 and 2009, 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

July 12, 2011

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WIPFLI
CPAs and Consultants

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www.wipfli.com

June 1, 2011

Owners

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

To the Owners:

We have audited the financial statements of Transit Express, Inc., and Transit Express Services, Inc., (the "Companies") for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 1, 2011. 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

As stated in our engagement letters dated January 10, 2011, 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 our audit, we obtained a sufficient understanding of the Companies' internal control over financial reporting to plan the audit. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with our engagement letter, we will advise management about the appropriateness of accounting policies and their application. 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.

Owners

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

We noted no transactions entered into by the Companies during the year for which there is a lack of authoritative guidance or consensus. There were no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We proposed and the Companies recorded three adjusting journal entries relating to retained earnings and unrealized gains on investments. The effect of these entries had no effect on stockholder's equity in Transit Express, Inc or Transit Express Services, Inc.

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 June 1, 2011.

Owners

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

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 Companies' 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 Companies' 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.

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

This letter is intended solely for the use of the owners, 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. Distribution of this letter by the specified parties to other third parties does not constitute designation of those third parties as "users" or "specified parties" with respect to this letter or the matters addressed herein, nor does it permit those third parties to use or rely upon this letter for any purpose.

Sincerely,



Wipfli LLP

Enc.

Independent auditors' report to the members of FirstGroup plc

We have audited the parent company financial statements of FirstGroup plc for the year ended 31 March 2011 which comprise the balance sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company 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 (APB's) Ethical Standards for Auditors.

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 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. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- ▶ give a true and fair view of the state of the parent company's affairs as at 31 March 2011;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of Directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of FirstGroup plc for the year ended 31 March 2011.

Graham Richardson (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
11 May 2011

Glossary

Set out below is a guide to commonly used financial, industry and Company related terms in the Annual Report and Accounts. These are not precise definitions and are included to provide readers with a guide to the general meaning of these terms.



AGM

Annual General Meeting

BAYE

Buy As You Earn

BITC

Business in the Community is a membership organisation of over 800 of the UK's leading companies committed to improving their CSR impact on society

The Board

The Board of Directors of the Company

Combined Code

The Combined Code on Corporate Governance as published by the Financial Reporting Council

Company

FirstGroup plc, a company registered in Scotland with number SC157176 whose registered office is at 395 King Street, Aberdeen AB24 5RP

CSR

Corporate Social Responsibility refers to the way we manage the economic, social and environmental impacts of our activities

DfT

Department for Transport

Dividend

Amount payable per ordinary share on an interim and final basis

Dow Jones

Sustainability Indexes

Tracker of the financial performance of the world's leading corporate sustainability-driven companies

EABP

Executive Annual Bonus Plan

EBT

Employee benefit trust

EBITDA

Earnings before interest, tax, depreciation and amortisation

EPS

Earnings per share

ESOS

Executive Share Option Scheme

FTSE4Good Index Series

Designed to measure the performance of companies that meet globally recognised corporate responsibility standards

GPS

Global positioning system

Group

FirstGroup plc and its subsidiaries

HST

High Speed Train

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

KPI

Key performance indicators are financial and non-financial metrics used to define and measure progress towards our objectives

Local authority

Local government organisations including unitary, Metropolitan, district and county councils

LTIs

Lost Time Injuries refer to any injury at work that has resulted in a staff member being unable to work for more than one day

LTIP

Long Term Incentive Plan

Network Rail

Owner and operator of Britain's rail infrastructure

Ordinary shares

FirstGroup plc ordinary shares of 5p each

PIP

Punctuality Improvement Partnership between a bus operator and a local authority to improve the punctuality of bus services

PPM

Public Performance Measure combines the punctuality and reliability of a Train Operating Company into a single performance measure

PTE

Passenger Transport Executives were established in the six Metropolitan areas of England to 'secure or promote the provision of a system of public transport which meets the needs of the area'

SAYE

Save As You Earn

TfL

Transport for London was created in 2000 as the integrated body responsible for the capital's transport system

TOC

Train Operating Company

TSR

Total shareholder return is the growth in value of a shareholding over a specified period assuming that dividends are reinvested to purchase additional shares

UK GAAP

UK Generally Accepted Accounting Principles

Voluntary quality partnership

Agreement between a bus operator and a local authority to improve the quality of bus services