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, 2014

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, 2014. Such procedures, which were agreed to and specified by the FTA in the Declarations section of the 2014 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, 2014 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 2014 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, 2014, 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 2014 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, and Ms. Tracy Harrington, Director of Paratransit Services, 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 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 2014

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, 2014, and noted the documents had been properly retained:

- Schedule Miles Report (weeks 16, 31 and 47)
- Deviation sheets (weeks 16, 31 and 47)
- FTA on-off count sheets (weeks 16, 31 and 47)

(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 2014. 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, 2014 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 2014 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 Mark McComb, 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, 23, 28, 35, 41, 44, 50 and 52 in 2014. 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 February, May and September 2014. 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 #16, 31 and 47) 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	$131,830,016
Operating Cross-charges per DPW ledger	1,616,697
Non-Operating costs included in ledger	667,953
Tire Lease	482,620
Marketing Grant	1,162,054
Conference Expense	2,727
Other Meeting Expense	1,234
Miscellaneous Expenses	(138,722)
Less: Contracted services	(2,323,970)
Lease	(7,665)
Overhead Adjustment to Transit Plus	(6,843)
Operating Expense per Form F-30	$133,286,101

Operating Expense Reconciliation for Transit Plus:

Operating expense per ledger	$ 16,257,493
Operating Cross-charges per DPW ledger	80,658
Supplies	146
Overhead Adjustment from Motor Bus	6,843
Less: Depreciation	(1,451,995)
Contracted Services	(1,391,794)
Operating Expense per Form F-30	$ 13,501,351

(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 $24,131 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:*

	2014	2013	Change %
Vehicle revenue miles	15,448,077	15,337,220	1%
Passenger miles	142,120,808	149,114,525	-5%
Operating expense data	133,286,101	130,630,423	2%

Percentage change in the following for Transit Plus data:

	2014	2013	Change %
Vehicle revenue miles	2,788,242	2,736,632	2%
Passenger miles	3,192,122	3,154,260	1%
Operating expense data	13,501,351	13,365,889	1%

(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
July 10, 2015

under the Wisconsin Public Access Law. The report is meant for use only by the intended recipient, and recipient may not copy, forward, or otherwise use it or disclose its contents to any other party.

Independent auditor's report to the members of FirstGroup America, Inc.

We have audited the non-statutory financial statements of FirstGroup America, Inc. and its subsidiaries ("The Group") for the year ended 31 March 2014, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 29. These Group financial statements have been prepared under the accounting policies set out therein.

This report is made solely for the exclusive use of the directors and solely for the purpose of showing the results of management's stewardship of the resources entrusted to it. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 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.

Opinion on non-statutory financial statements

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of its profit for the year then ended; and
- the non-statutory financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Deloitte LLP

Deloitte LLP
Chartered Accountants
London, United Kingdom
30 June 2014

WIPFLi LLP

Independent Auditor's Report

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

We have audited the accompanying financial statements of Transit Express Services, Inc. (a Wisconsin corporation) which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transit Express Services, Inc., at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
June 3, 2015

Transit Express Services, Inc.

Balance Sheets

December 31, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	$ 843,404	$ 432,463
Accounts receivable	763,711	685,701
Prepaid expenses	2,291	-
TOTAL ASSETS	$ 1,609,406	$ 1,118,164

Liabilities and Stockholders' Equity	2014	2013
Current liabilities:		
Accounts payable - Related parties	$ 696,239	$ 616,174
Accrued expenses	26,635	20,400
Total current liabilities	722,874	636,574
Stockholders' equity:		
Common stock, $1 par value, 9,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Retained earnings	885,532	480,590
Total stockholders' equity	886,532	481,590
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,609,406	$ 1,118,164

See accompanying notes to financial statements.

Transit Express Services, Inc.

Statements of Income and Comprehensive Income

Years Ended December 31, 2014 and 2013

	2014	2013
Revenue	$ 9,632,615	$ 9,045,892
Direct expenses	8,811,696	8,288,948
Gross profit	820,919	756,944
General and administrative expenses	103,784	106,410
Operating income	717,135	650,534
Other income:		
Interest and dividends	933	1,775
Realized gain on sale of investments	-	20,236
Total other income	933	22,011
Net income	718,068	672,545
Other comprehensive loss:		
Reclassification adjustment for unrealized gains on investments included in net income	-	(18,992)
Comprehensive income	$ 718,068	$ 653,553

See accompanying notes to financial statements.

Transit Express Services, Inc.

Statements of Stockholders' Equity

Years Ended December 31, 2014 and 2013

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Stockholders' equity, January 1, 2013	$ 1,000	$ 18,992	$ 957,088	$ 977,080
Other comprehensive loss	-	(18,992)	-	(18,992)
Net income	-	-	672,545	672,545
Distributions to stockholders	-	-	(1,149,043)	(1,149,043)
Stockholders' equity, December 31, 2013	1,000	-	480,590	481,590
Net income	-	-	718,068	718,068
Distributions to stockholders	-	-	(313,126)	(313,126)
Stockholders' equity, December 31, 2014	$ 1,000	$ -	$ 885,532	$ 886,532

See accompanying notes to financial statements.

Transit Express Services, Inc.

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	$ 718,068	$ 672,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gain on sale of investments	-	(20,236)
Change in operating assets and liabilities:		
Accounts receivable	(78,010)	21,647
Prepaid expenses	(2,291)	2,171
Accounts payable - Related parties	80,065	(148,175)
Accrued expenses	6,235	10,767
Net cash provided by operating activities	724,067	538,719
Net cash provided by investing activities - Proceeds from sales of investments	-	52,366
Net cash used in financing activities - Distributions to stockholders	(313,126)	(1,149,043)
Increase (decrease) in cash and cash equivalents	410,941	(557,958)
Cash and cash equivalents at beginning	432,463	990,421
Cash and cash equivalents at end	$ 843,404	$ 432,463

See accompanying notes to financial statements.

Transit Express Services, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Activities

Transit Express Services, Inc. (the "Company") is a management agent to providers of passenger transportation within Milwaukee, Waukesha, and Ozaukee Counties in Wisconsin.

Financial Statement Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates in the Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are generally uncollateralized obligations from counties and other agencies due upon receipt of services. Payments of accounts receivable are allocated to the specific invoices identified on the client's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. Management performs periodic reviews of accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. At December 31, 2014 and 2013, accounts receivable are considered fully collectible, and accordingly, no allowance for uncollectible balances has been recorded.

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Fee for service contracts are recorded as exchange transactions. Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company generally does not pay federal or state corporate income taxes on its taxable income (nor is it allowed a net operating loss carry back or carryover as a deduction). Instead, the stockholders report on their personal income tax returns their share of the Company's taxable income (or loss) and tax credits. Federal income tax returns for the year ended December 31, 2011, and state income tax returns for the year ended December 31, 2010, and all applicable subsequent years remain subject to examination by the applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through June 3, 2015, which is the date the financial statements were available to be issued.

Note 2 Retirement Plans

The Company has a 401(k) retirement savings plan covering all eligible employees. The Company makes discretionary contributions to the plan. Plan expense was $4,464 and $3,892 for the years ended December 31, 2014 and 2013, respectively.

The Company participates in a non-contributory profit-sharing plan covering substantially all employees. All participants become fully vested after six years of employment. Contributions to the plan are discretionary. Pension expense related to this plan totaled $11,775 and $8,228 for the years ended December 31, 2014 and 2013, respectively.

Transit Express Services, Inc.

Notes to Financial Statements

Note 3 Related Party Transactions

The Company provides management services to Transit Express, Inc. and Meda-Care Vans of Waukesha, Inc., companies related through common ownership. Management services provided resulted in revenues of $147,034 and $150,051 in 2014 and 2013, respectively. The Company also subcontracts with Transit Express and Meda-Care Vans of Waukesha, Inc. to provide transportation services. Subcontractor expense was $8,540,138 and $8,017,074 in 2014 and 2013, respectively.

The Company leases their premises from MSJD Properties, LLC, a company related through common ownership, under an operating lease agreement held by Transit Express, Inc. which expires December 31, 2017. In addition to rent, the lease requires the Company to pay property taxes, normal maintenance and insurance on the property. Rent expense for 2014 and 2013 on the above property totaled $10,508 for each year.

Related party payables as of December 31 consisted of the following:

	2014	2013
Transit Express, Inc.	$ 611,789	$ 540,909
Meda-Care Vans of Waukesha, Inc.	84,450	75,265
Total	$ 696,239	$ 616,174

Note 4 Concentrations of Credit Risk

The Company maintains depository relationships with a local financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

The Company has contracts with two counties, which comprised approximately 98% of revenues for 2014 and 2013. Receivables from these two counties were $680,394 and $605,649 at December 31, 2014 and 2013, respectively.

Note 5 Commitments and Contingencies

Financial Awards from Grantors

Financial awards from federal, state, and local governments in the form of contracts are subject to special audit. Such audits could result in claims against the Company for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Captive Insurance Plan

The Company's general liability, auto, professional, and workers compensation insurance are carried through a multi-employer captive insurance plan, which also covers Transit Express, Inc., Meda-Care Vans of Waukesha, Inc. and Caravans Leasing, LLC (related parties). The plan has reinsurance to cover the portion of a loss in excess of $350,000. The Company remains liable for any claims made for all open plan years. A plan year is closed after six years if there has been no activity for eighteen consecutive months. The Company has not accrued additional premiums at December 31, 2014.

The Company could also be liable for losses of other members of the plan in excess of their respective funds up to three years after the date of an accident. No additional premiums have been accrued at December 31, 2014 and 2013, for other members of the plan or the companies' claims in excess of loss funds.

As security for the plan, the Company and related parties have a letter credit for $919,047, which is supported by a revolving credit agreement and secured by a general business security agreement. Insurance expense paid under this plan was $24,350 and $19,905 for the years ended December 31, 2014 and 2013, respectively.