OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.

DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Okaloosa County Coordinated Transportation, Inc.

We have audited the accompanying statement of financial position of Okaloosa County Coordinated Transportation, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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 financial statements referred to above present fairly, in all material respects, the financial position of Okaloosa County Coordinated Transportation, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2011 on our consideration of Okaloosa County Coordinated Transportation Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards and state financial assistance is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and by Chapter 10.650, Rules of the Auditor General, State of Florida and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mary Jane Thornton CPA

MARY JANE THORNTON, CPA
Mary Esther, Florida

September 19, 2011

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:	
Cash	$ 285,548
Accounts Receivable	591,740
Prepaid Expenses	161,094
Total Current Assets	1,038,382
TOTAL ASSETS	$1,038,382

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable	$ 94,794
Other Current Liabilities	14,685
Accrued Liabilities	68,711
Due To Okaloosa County Council on Aging, Inc.	93,200
Total Current Liabilities	271,390
NET ASSETS:	
Unrestricted	766,992
Total Net Assets	766,992
TOTAL LIABILITIES AND NET ASSETS	$1,038,382

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	UNRESTRICTED
REVENUES:	
Passenger Fares	$ 494,943
Grants and Reimbursements	2,345,189
In-Kind	1,500
Interest	5,013
Other	51,094
Total Revenues	2,897,739
EXPENDITURES:	
Vehicle Operations	1,848,493
Vehicle Maintenance	422,691
General and Administration	466,127
Total Expenditures	2,737,311
INCREASE IN NET ASSETS	$ 160,428
NET ASSETS, BEGINNING OF YEAR	606,564
NET ASSETS, END OF YEAR	$ 766,992

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Vehicle Operations	Vehicle Maintenance	General Administration	Total
Salaries	$1,135,155	$	$ 65,448	$1,200,603
Services		244,565	315,990	560,555
Fringe Benefits	306,773		10,966	317,739
Fuel and Tires	344,826			344,826
Other Materials and Supplies	4,291	11,790	6,353	22,434
Utilities			53,634	53,634
Casualty and Liability Cost		166,336	1,494	167,830
Purchased Transportation	57,448			57,448
Leases and Rentals			2,401	2,401
Other			9,841	9,841
TOTAL EXPENSES	$1,848,493	$422,691	$ 466,127	$2,737,311

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Passenger Fares	$ 494,943
Grants and Reimbursements	2,118,138
Interest Received	5,013
Other	51,094
Cash Paid to Suppliers and Employees	(2,715,702)
Net Cash (Used In) Operating Activities	(46,514)
NET (DECREASE) IN CASH AND EQUIVALENTS	(46,514)
CASH, BEGINNING OF YEAR	332,062
CASH, END OF YEAR	$ 285,548

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2010

Reconciliation of Change in Net Assets to Net Cash (Used In) Operating Activities:	
Increase in Net Assets	$ 160,428
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Operating Activities:	
Changes in Assets, (Increase) Decrease	
Accounts Receivable	(320,251)
Prepaid Insurance	(37,032)
Changes in Liabilities, Increase (Decrease)	
Accounts Payable	38,736
Other Current Liabilities	2,211
Accrued Liabilities	16,194
Due To Okaloosa County Council On Aging, Inc.	93,200
Total Adjustments	(206,942)
Net Cash (Used In) Operating Activities	$(46,514)

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The organization prepares its financial statements on the accrual basis of accounting. Under this method, revenue is recognized when earned, and expenses are recorded when the obligation is incurred.

Accounts Receivable: The receivables represent those funds due from billing third party entities for services provided by the organization. Accounts receivable are stated at net realizable value.

Bad Debts: The direct write-off method of accounting is used for uncollectible accounts. The losses are charged to operations in the period in which uncollectibility is determined.

Fixed Assets: Equipment under $1,000 purchased with operational funds is expensed during the period to which it relates. Items over $1,000 purchased with operational funds are capitalized.

In-Kind: In-Kind contributions are recorded at fair market value and recognized as revenue and expense in the accounting period received.

Income Taxes: Income taxes are not provided for in the financial statements since the organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization is not classified as a private foundation.

Use of Estimates in Preparation of Financial Statements: The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

NOTE 2 - ORGANIZATION

Okaloosa County Coordinated Transportation, Inc. is a non-profit organization incorporated under the laws of the State of Florida on March 28, 1988. The primary purpose of the organization is to provide transportation to the transportation disadvantaged in Okaloosa County, Florida. The organization has registered with the State of Florida the fictitious name Okaloosa County Transit and currently operates under this name.

Effective October 1, 2005 the organization entered into an agreement with Okaloosa County, Florida to provide exclusive public transportation services. This agreement expired on September 30, 2010 and was renewed for an additional five years through September 30, 2015. The primary sources of revenue are private fees and from the Medicaid and Florida Transportation Disadvantaged Commission programs through Okaloosa County. Assistance in the form of operating grants is provided by the Federal Transit Administration and the State of Florida Department of Transportation through Okaloosa County.

NOTE 3 - FIXED ASSETS

All vehicles currently in use by the organization are provided by Okaloosa County, Florida.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2010 consists of:

Okaloosa County, Florida	$568,572
Medicaid	16,576
Other	6,592
	$591,740

NOTE 5 - AFFILIATED ORGANIZATIONS

The organization was established by Okaloosa County Council on Aging, Inc. prior to separate incorporation in 1988. Since that time the two organizations have been overseen by the same Board of Directors.

Administrative services are provided to the Organization by the Council. At December 31, 2010 the Organization owed $93,200 of loan advances to the Council.

NOTE 6 - LEASE COMMITMENTS

The organization currently leases a building owned by Okaloosa County, Florida for $1.00 per year. This lease expired on February 28, 2010 and was extended through February 28, 2015.

NOTE 7 - DEPOSITS HELD IN FINANCIAL INSTITUTIONS

As of December 31, 2010, the Organization had demand deposits on hand in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency by $36,902.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	CFDA / CSFA	Contract Number	Expenditures
FEDERAL AWARDS:			
Federal Transit Administration			
Section 5307 Funds			
Pass thru Florida Department	20.507	FL96-X014	$ 108,993
Of Transportation and		FL90-X642	403,027
Okaloosa County, Florida		FL90-X583	192,927
		FL90-X680	132,767
			837,714
Federal Transit Administration			
Section 5311 Funds			
Pass Thru Florida Department			
of Transportation and			
Okaloosa County, Florida	20.509	AOI19	177,181
Total Expenditures of Federal Funds			$1,014,895

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	CFDA / CSFA	Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
Florida Transportation Disadvantaged Commission	55001	APK71	$ 150,853
Trip Grant for Non Sponsored Passengers		APZ86	156,720
Pass thru Okaloosa County, Florida			307,573
Florida Department of Transportation – Public Transportation Block Grant Pass thru Okaloosa County, Florida	55010	A0L06	377,427
Florida Department of Transportation Pass thru Okaloosa County, Florida	55013	AOJ56	82,144
Total Expenditures of State Financial Assistance			$ 767,144

The accompanying notes are an integral part of these financial statements.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Okaloosa County Coordinated Transportation, Inc and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board Of Directors
Okaloosa County Coordinated Transportation, Inc.

We have audited the financial statements of Okaloosa County Coordinated Transportation, Inc. as of and for the year ended December 31, 2010, and have issued our report thereon dated September 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Okaloosa County Coordinated Transportation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Okaloosa County Coordinated Transportation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, Federal Transit Administration, Florida Department of Transportation, Florida Transportation Disadvantaged Commission and Okaloosa County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Mary Jane Thornton CPA

MARY JANE THORNTON, CPA
Mary Esther, Florida

September 19, 2011

MARY JANE THORNTON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To The Board of Directors
Okaloosa County Coordinated Transportation, Inc.

Compliance

We have audited the compliance of Okaloosa County Coordinated Transportation, Inc. with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and in Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal and state projects for the year ended December 31, 2010. Okaloosa County Coordinated Transportation, Inc.'s major federal and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal and state projects is the responsibility of Okaloosa County Coordinated Transportation, Inc.'s management. Our responsibility is to express an opinion on Okaloosa County Coordinated Transportation, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state project occurred. An audit includes examining, on a test basis, evidence about Okaloosa County Coordinated Transportation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit

provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Okaloosa County Coordinated Transportation, Inc.'s compliance with those requirements.

In our opinion, Okaloosa County Coordinated Transportation, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state projects for the year ended December 31, 2010.

Internal Control Over Compliance

The management of Okaloosa County Coordinated Transportation, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state projects. In planning and performing our audit, we considered Okaloosa County Coordinated Transportation, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major project to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County Coordinated Transportation, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, Federal Transit Administration, Florida Department of Transportation, Florida Transportation Disadvantaged Commission and Okaloosa County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Mary Jane Thornton CPA

MARY JANE THORNTON, CPA
Mary Esther, FL
September 19, 2011

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2010

There were no prior year findings.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Okaloosa County Coordinated Transportation, Inc.

2. No reportable conditions were disclosed during the audit of the financial statements performed in accordance with Government Auditing Standards.

3. No instances of non compliance material to the financial statements of Okaloosa County Coordinated Transportation, Inc. which would have been required to be reported in accordance with Government Auditing Standards were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal and state projects are reported in the Independent Auditor's Report on Compliance and Internal Control Over Compliance Applicable To Each Major Federal and State Project.

5. The auditor's report on compliance for major federal and state projects for Okaloosa County Coordinated Transportation, Inc. expresses an unqualified opinion on all major federal and state projects.

6. No audit findings are reported in Section II and III, of this schedule.

7. The programs/projects tested as major programs include the following:

   Federal Program
   Federal Transit Administration, Section 5307 Funds
   Contract Nos. X583, X642, X014, X680

   State Program
   Florida Transportation Disadvantaged Commission Trip Grant, CSFA 55001
   Grant Nos. APK71, APZ86
   Florida Department of Transportation, CSFA 55010, Grant No. A0L06

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2010

8. The threshold for distinguishing Type A and Type B projects was $300,000 for major federal and state projects.

9. Okaloosa County Coordinated Transportation, Inc. qualified as a low-risk auditee for its major, federal and state projects.

10. A management letter has not been issued because these are no items that are required to be reported.

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no audit findings to report.

Section III – STATE FINANCIAL PROJECTS FINDINGS

There are no audit findings to report.