

OKALOOSA COUNTY COORDINATED
TRANSPORTATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.

DECEMBER 31, 2011

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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, 2011, 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, 2011, 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 June 12, 2012 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

June 12, 2012

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:	
Cash	\$ 532,625
Accounts Receivable	210,320
Prepaid Expenses	<u>158,699</u>
Total Current Assets	<u>901,644</u>
 TOTAL ASSETS	 <u>\$ 901,644</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable	\$ 72,114
Other Current Liabilities	12,026
Accrued Liabilities	<u>77,193</u>
Total Current Liabilities	<u>161,333</u>
 NET ASSETS:	
Unrestricted	<u>740,311</u>
Total Net Assets	<u>740,311</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 901,644</u>

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, 2011

	<u>UNRESTRICTED</u>
REVENUES:	
Passenger Fares	\$ 481,680
Grants and Reimbursements	2,280,088
In-Kind	1,500
Interest	3,257
Other	<u>33,349</u>
Total Revenues	<u>2,799,874</u>
EXPENDITURES:	
Vehicle Operations	1,923,933
Vehicle Maintenance	439,493
General and Administration	<u>463,129</u>
Total Expenditures	<u>2,826,555</u>
(DECREASE) IN NET ASSETS	\$(26,681)
NET ASSETS, BEGINNING OF YEAR	<u>766,992</u>
NET ASSETS, END OF YEAR	<u>\$ 740,311</u>

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, 2011

	<u>Vehicle Operations</u>	<u>Vehicle Maintenance</u>	<u>General Administration</u>	<u>Total</u>
Salaries	\$ 1,112,922	\$	\$ 65,259	\$ 1,178,181
Services		245,000	316,422	561,422
Fringe Benefits	334,500		11,482	345,982
Fuel and Tires	419,300			419,300
Other Materials and Supplies		19,115	4,887	24,002
Utilities			49,464	49,464
Casualty and Liability Cost		175,378	1,667	177,045
Purchased Transportation	57,157			57,157
Leases and Rentals	54		2,401	2,455
Other			<u>11,547</u>	<u>11,547</u>
TOTAL EXPENSES	<u>\$1,923,933</u>	<u>\$439,493</u>	<u>\$ 463,129</u>	<u>\$2,826,555</u>

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

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Grants and Services	\$2,568,308
Passenger Fares	481,680
Interest Received	3,257
Other	33,349
Cash Paid to Suppliers and Employees	<u>(2,839,517)</u>
Net Cash Provided By Operating Activities	<u>247,077</u>
 NET INCREASE IN CASH AND EQUIVALENTS	 247,077
 CASH, BEGINNING OF YEAR	 <u>285,548</u>
 CASH, END OF YEAR	 <u>\$ 532,625</u>

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

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2011

Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities: (Decrease) in Net Assets	<u>\$(26,681)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Changes in Assets, (Increase) Decrease	
Accounts Receivable	381,420
Prepaid Insurance	2,395
Changes in Liabilities, Increase (Decrease)	
Accounts Payable	(22,680)
Other Current Liabilities	(2,659)
Accrued Liabilities	8,482
Due To Okaloosa County Council On Aging, Inc.	<u>(93,200)</u>
Total Adjustments	<u>273,758</u>
Net Cash Provided By Operating Activities	<u>\$ 247,077</u>

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. All receivables are considered collectible.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Effective October 1, 2005 the organization entered into an agreement with Okaloosa County, Florida to provide exclusive public transportation services. This agreement has been extended 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, 2011 consists of:

Okaloosa County, Florida	\$183,538
Medicaid	15,780
Other	<u>11,002</u>
	<u>\$210,320</u>

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.

NOTE 6 - LEASE COMMITMENTS

The organization currently leases a building owned by Okaloosa County, Florida for \$1.00 per year. This lease is in effect through February 28, 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - DEPOSITS HELD IN FINANCIAL INSTITUTIONS

As of December 31, 2011, the Organization had demand deposits on hand in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency by \$282,973.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 12, 2012 which was the date the financial statements were available to be issued.

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>CFDA / CSFA</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>FEDERAL AWARDS:</u>			
Federal Transit Administration Section 5307 Funds			
Pass thru Florida Department Of Transportation and Okaloosa County, Florida	20.507	FL90-X642 FL90-X680 FL90-X715	\$ 88,150 441,854 <u>177,767</u> <u>707,771</u>
Federal Transit Administration Section 5311 Funds			
Pass Thru Florida Department of Transportation and Okaloosa County, Florida	20.509	AOI19	<u>181,587</u>
Total Expenditures of Federal Funds			<u>\$ 889,358</u>

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, 2011

	<u>CFDA / CSFA</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>STATE FINANCIAL ASSISTANCE:</u>			
Florida Transportation Disadvantaged Commission	55001	APZ86	\$ 166,721
Trip Grant for Non Sponsored Passengers		AQB62	<u>173,737</u>
Pass thru Okaloosa County, Florida			<u>340,458</u>
Florida Department of Transportation – Public Transportation Block Grant	55010	A0L06	<u>400,562</u>
Pass thru Okaloosa County, Florida			
Florida Department of Transportation Pass thru Okaloosa County, Florida	55013	AOJ56	<u>208,507</u>
Total Expenditures of State Financial Assistance			<u>\$ 949,527</u>

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, 2011

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.

**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, 2011, and have issued our report thereon dated June 12, 2012. 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.

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.

Compliance and Other Matters

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.

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

June 12, 2012

**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 Okaloosa County Coordinated Transportations, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Okaloosa County Coordinated Transportation, Inc.'s major federal and state programs for the year ended December 31, 2011. 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, 2011.

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
June 12, 2012

OKALOOSA COUNTY COORDINATED TRANSPORTATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2011

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, 2011

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. X642, X680, X715

State Program

Florida Transportation Disadvantaged Commission Trip Grant, CSFA 55001
Grant Nos. APZ86, AQB62
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, 2011

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.