



Division of Finance & Management
Office of Air, Rail & Transit
700 East Broadway Avenue
Pierre, SD 57501
Phone: 605.773.3574 Fax: 605.773.2804

September 9, 2025

Ron Baumgart
Yankton Transit, Inc
1600 E Dakota Avenue
Pierre, SD 57501

Subject: Management Decision Letter

Dear Mr. Baumgart,

The SD Department of Transportation (SDDOT) has received a copy of your September 30, 2024, audit report, which included two audit findings pertinent to funds administered through the SDDOT Transit Office. OMB Uniform Guidance 2 CFR §200.521 requires that a management decision is issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

Finding: 2024-001 (Repeat Finding of 2023-001) Preparation of Financial Statements and footnotes, Schedule of Expenditures of Federal Awards (SEFA) with material journal entries.

Yankton corrective action plan: It is not cost-effective to have an internal control system designed to provide for the preparation of the financial statements, accompanying notes, and schedule of expenditures of federal awards. We require that our auditors, Kinner & Company, Ltd, prepared the financial statements and the accompanying notes to the financial statements as part of their annual audit. We have designated a member of management to review the drafted financial statements, accompanying notes, and schedule of expenditures of federal awards, and any adjusting and passed journal entries prepared or identified by the auditor.

Management Decision: SDDOT Transit agrees with the action plan under the condition that Yankton Transit provides proof of operational separation (different individual/sections from Kinner & Company, Ltd) to divide the duties of financial statement preparation, notes, and SEFA from the individual/section processing the Single Audit OR the best practice of having a different firm/accountant that can follow Generally Accepted Accounting Principles (GAAP) to prepare the financial statements, notes, and SEFA.

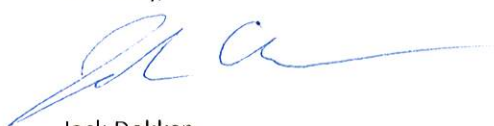
Finding: 2024-002 (Repeat Finding of 2023-003) Activities Allowed/Unallowed and Cost Principles (Internal Control Over Compliance)

Yankton corrective action plan: Yankton Transit will become familiar with the requirements of 2 CFR 200.313(a) and will establish internal control policies and procedures and will train staff on those policies and procedures. Currently, we have changed the debit cards to credit cards for proper approval and complete support for the transactions that occur monthly.

Management Decision: SDDOT Transit agrees with the action plan. It is required that Yankton Transit, Inc. updates the DOT on October 1, 2025 (the day after the anticipated completion date) to confirm this is resolved.

If you are dissatisfied with the management decision letter and/or the required follow-up action, you may appeal this letter. Your appeal must be submitted to Jack Dokken, Program Manager, within 60 days of the date of this letter. Your appeal must be written and submitted via email or letter and must provide reasons and supporting information as to why the determination listed in this letter is incorrect. The appeal should clearly identify the particular determination that you are appealing. Upon receipt of your appeal, SDDOT will make a decision affirming the original determination or vary the management decision letter within 30 days of receipt of the appeal.

Sincerely,



Jack Dokken
Air, Rail, and Transit Program Manager



Chris Ott
Audits Program Manager

CC: Jana Uhrig, SDDOT Auditor III
Jess Marlow, SDDOT Transit Team Lead
Kellie Beck, SDDOT Finance Division Manager



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C/O 500 EAST CAPITOL
PIERRE, SD 57501-5070
(605) 773-3595

RUSSELL A. OLSON
AUDITOR GENERAL

Date: July 25, 2025

To: SD Department of Transportation
SD State Board of Internal Control

Re: Audit Report on – Yankton Transit, Inc.
As of and for the year ended September 30, 2024
By: Kinner & Company, Ltd., CPAs

We have accepted the final report on the audit of the above-named entity conducted under the requirements of OMB Uniform Guidance.

OMB Uniform Guidance requires the State of South Dakota, as a direct recipient of federal assistance who provides federal awards to a subrecipient, to:

1. Ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Uniform Guidance for that fiscal year.
2. Ensure that the subrecipient takes timely and appropriate corrective action when the audit report discloses instances of noncompliance with federal laws and regulations.
3. Consider whether this subrecipient audit necessitates adjustment of your program records.

The accompanying audit report is submitted to you to help fulfill these requirements.

The report does identify audit findings and/or questioned costs pertaining to federal award programs administered by your agency/department that are required to be reported in accordance with OMB Uniform Guidance, §200.516(a). See page 28.

Please contact us if you have any questions.

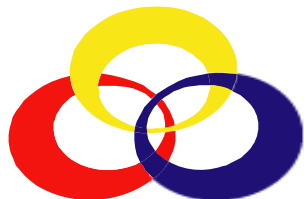
Sincerely,

Russell A. Olson
Auditor General

RAO:sld

Enclosure

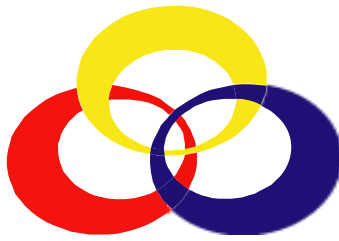
**YANKTON TRANSIT, INC.
DBA
SOUTHEAST PUBLIC TRANSIT
FINANCIAL REPORT
SEPTEMBER 30, 2024**



Kinner & Company Ltd
Certified Public Accountants
Taxes, QuickBooks &
Investments

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
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SEPTEMBER 30, 2024

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Kinner & Company Ltd
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yankton, Transit, Inc.
DBA Southeast Public Transit
Yankton, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Yankton Transit, Inc. DBA Southeast Public Transit (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yankton Transit, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yankton Transit, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Yankton Transit, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Yankton Transit, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yankton Transit, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2025, on our consideration of Yankton Transit, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Yankton Transit, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yankton Transit, Inc.'s internal control over financial reporting and compliance.



Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

June 9, 2025

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024

ASSETS

Current Assets	2024
Restricted Cash	\$ 65,000
Prepaid Expenses	86,279
Accounts Receivable	10,175
Grants Receivable	173,686
Total Current Assets	<u>335,140</u>
Property and Equipment	
Building Improvements	\$ 741,905
Buses	1,835,967
Software	58,680
Equipment	39,653
Accumulated Depreciation	<u>(1,503,660)</u>
Total Property and Equipment	<u>1,172,545</u>
 Total Assets	 <u><u>\$ 1,507,685</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Checks in Excess of Bank Balance	\$ 35,034
Accounts Payable	2,477
Compensated Absences	62,715
Payroll Liabilities	<u>722</u>
Total Current Liabilities	<u>100,949</u>
Net Assets	
With Donor Restrictions	\$ 1,237,545
Without Donor Restrictions	<u>169,191</u>
Total Net Assets	<u>1,406,736</u>
Total Liabilities and Net Assets	<u><u>\$ 1,507,685</u></u>

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

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Support, Program Revenue & Gains			
Federal Grant Revenue	\$ -	\$ 769,571	\$ 769,571
Fares	251,573	-	251,573
State / City / County	165,861	-	165,861
Contributions/Grants	26,598	-	26,598
Other Revenues	13,298	-	13,298
Interest Income	710	-	710
Gain (Loss) on Sale/Disposal of Assets	-	(20,548)	(20,548)
Merger Acquisition	-	247,046	247,046
Net Assets Release Restrictions	889,269	(889,269)	-
Total Support, Program Revenue & Gains	\$ 1,347,310	\$ 106,800	\$ 1,454,110
Expenses			
Program	\$ 1,159,267	\$ -	\$ 1,159,267
Management & General	178,727	-	178,727
Total Functional Expenses	1,337,994	\$ -	\$ 1,337,994
Increase (Decrease) in Net Assets	9,316	106,800	116,116
Net Assets Beginning Balance	187,323	1,130,745	1,318,068
Prior Period Adjustment	(27,449)	-	(27,449)
Net Assets Ending Balance	<u>\$ 169,191</u>	<u>\$ 1,237,545</u>	<u>\$ 1,406,736</u>

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

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Total	Program Services	Management & General
Depreciation	\$ 251,917	\$ 251,917	\$ -
Employee Benefits	86,553	71,839	14,714
Small Equipment	50,652	50,652	-
Fuel	70,145	70,145	-
Insurance	65,955	65,955	-
Management Contract	60,000	60,000	-
Miscellaneous	18,934	4,734	14,201
Payroll Tax Expense	43,294	35,934	7,360
Professional Services	22,225	-	22,225
Repairs and Maintenance	72,200	72,200	-
Retirement	8,082	6,708	1,374
Supplies	16,642	16,642	-
Travel	8,776	-	8,776
Utilities	17,388	-	17,388
Wages and Salaries	545,230	452,541	92,689
Totals	<u>\$ 1,337,994</u>	<u>\$ 1,159,267</u>	<u>\$ 178,727</u>

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

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cash flows from operating activities:	2024
Cash inflows	
From government grants	\$ 721,050
From state and local governments	192,459
From donations, goods and services	257,897
From interest	710
From Fees and other sources	13,298
Cash outflows	
To employees for services	521,204
To the government for payroll taxes	43,294
To others for expenditures	592,240
Net cash provided (used) by operating activities	28,677
Cash flows from investing activities:	
Cash inflows	
Cash from sale of assets	4,125
Cash outflows	
To purchase equipment	(103,115)
Cash flows from investing activities	(98,990)
Net increase (decrease) in cash and cash equivalents	(70,313)
Cash and cash equivalents at beginning of year	100,279
Cash and cash equivalents at end of year	\$ 29,966
RECONCILIATION OF NET INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Increase (Decrease) in net assets	\$ 116,116
Adjustments to reconcile net increase in net assets to cash flows by operating activities:	
Depreciation	251,917
(Gain) Loss on sale of assets	20,548
Non Cash Grants /Contributions	(247,046)
Change in assets and liabilities:	
(Increase) decrease in prepaid expenses	(86,279)
(Increase) decrease in accounts receivable	6,324
(Increase) decrease in grants receivable	(48,521)
Increase (decrease) in accounts payable	(8,408)
Increase (decrease) in accrued expenses	24,026
Total adjustments	(87,439)
Net cash provided (used) by operating activities	\$ 28,677
Noncash Investing and Financing Transactions:	
Merger Acquisition	\$ 247,046
Granting Agency Paid Vendor Directly	\$ 100,000

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

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Yankton Transit, Inc (DBA Southeast Public Transit). is a not-for-profit organization incorporated in Yankton, South Dakota in 1995. The mission of Yankton Transit, Inc. is to provide innovative and sustainable transportation for the citizens of Yankton, South Dakota. On May 9, 2024, the board approved a merger with Vermillion Public Transit effective July 1, 2024.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB requires Yankton Transit, Inc. to report information regarding its financial position and activities based on two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Summary of Significant Accounting Policies

This summary of significant accounting policies of Yankton Transit, Inc. is presented to assist in understanding their financial statements. The financial statements and notes are representations of Yankton Transit Inc's. management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, Yankton Transit Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Certificates of deposit, regardless of maturity, are not considered to be cash and cash equivalents.

Restricted Cash

As of September 30, 2024 there is \$65,000 of restricted cash. This was insurance proceeds for a new bus, which had not been purchased by year end.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Prepaid Expenses

Yankton Transit, Inc. had prepaid expenses of \$35,004 at September 30, 2024. The prepaid expenses is software licensing.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Accounts Receivable

Accounts receivable consists primarily of noninterest-bearing amounts due for money received from the South Dakota Department of Transportation. Yankton Transit, Inc. determines the allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable is charged to the allowance when deemed uncollectable. At September 30, 2024, the allowance was \$-0-. The balance of accounts receivable as of September 30, 2024 and 2023 were \$10,175 and \$16,499, respectively.

Grants Receivable

The grants receivable for the period consists of amounts passed through the Department of Transportation - State of South Dakota for reimbursement of administrative, operational expenses, repairs and maintenance and auction sales. There is no credit loss associated with the grant receivables. The balance as of September 30, 2024 and 2023 were \$173,686 and \$125,165, respectively.

Contributed Services

During September 30, 2024, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Contributions

Yankton Transit, Inc.'s. contributions are recognized as support when they are received or unconditionally pledged and are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Contributions required to be reported as net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the restrictions

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Grants and Contracts

Support received under grants and contracts is recognized as revenue when the related expenses are incurred. Grants receivable includes amounts receivable under grants and contracts and represents amounts due for expenses incurred prior to year-end. Unearned revenue or revenue received in advance represents cash received in advance of the related expense.

Concentration of Contributions

The revenues for this period are generated through grants from the U.S. Department of Transportation and the State of South Dakota and from contributions and fares. 87% of the 2024 income was generated by grants, fares and contracts, contributions, and State/City/County/Tribal funds as follows:

	<u>2024</u>
Grants	61.4 %
Fares and Contracts	15.2 %
Contributions	1.5 %
State/City/County/Tribal Funds	9.3 %

Economic Dependence

The Organization is dependent on federal funding passed through the State of South Dakota. The loss of the funding would have an adverse effect on the ability to continue operations. For the year ended September 30, 2024 61.0% of the total revenues were attributable to federal funding.

Property and Equipment

It is the Organization's policy to capitalize all property and equipment with a useful life greater than one year, and an initial acquisition cost of \$5,000 per item. This policy was changed during 2023, from property in excess of \$1,000 and equipment in excess \$500 to \$5,000 by board approval. Donations of property and equipment are recorded as contributions and are stated at fair market value at the date of receipt. When assets are sold, retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the assets and accumulated depreciation accounts and any gains or losses are reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation is computed by the straight line method based on the estimated service lives of the various assets as follows:

	Years
Building	40
Land Improvements	15-25
Equipment	3-10
Furniture & Fixtures	7-10

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

A summary of changes in fixed assets for the year ended September 30, 2024:

	Balance 9/30/23	Additions	Merger Adjustments	Balance 9/30/24
Building Improvements	741,905	-	-	741,905
Buses	793,881	44,435	\$997,651	1,835,967
Equipment	654,579	58,680	(614,926)	98,333
Totals	\$2,190,365	\$103,115	\$382,725	\$2,676,205
Accum Depr & Amort	(1,091,391)	(251,917)	(160,362)	(1,503,670)
Net Depreciable Assets	<u>\$1,098,974</u>			<u>\$1,172,545</u>

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Leases

Yankton Transit, Inc. has leased space for services in Yankton, South Dakota from the City of Yankton for a nominal fee of \$1 per year under an annual lease cancellable upon notification of the lessors. Due to the lease payment being a de minimus amount, no intangible lease asset or lease liability has been recognized.

Advertising Costs

The Organization expenses its advertising costs in the year they are incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor or grantor-imposed restrictions are perpetual. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

when the assets are placed in service. Donor or grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Income Tax Status

The Organization is a not-for-profit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. Accordingly, no provision for income taxes has been reflected in the financial statements.

Accumulated Leave

Employees are allowed to accumulate and receive compensation for their annual vacation and sick leave. Full and part time employees are eligible for paid time off (PTO). This balance will include both sick and vacation time off. The following is the new schedule based on the number of hours worked in the pay period. Full time (FT) employees are working 40 hours per week and part time (PT) employees are working 20 hours per week.

<u>Years of Service</u>	<u>Fulltime PTO Per year</u>	<u>Max Hours to Accrue FT</u>	<u>Max Hours to accrue PT</u>
1-2	120	240	180
3-7	160	320	240
8+	200	400	300

Full time employees may sell their PTO hours accrued down to a minimum of 80 hours and part time employees to 40 hours. The balance of PTO will be paid in the employee's last paycheck if they have given and fulfilled a 2-week written notice and all SEPT property has been returned.

Accumulated leave is paid out at the employee's salary rate per their last day of employment. The accrued vacation balance as of September 30, 2024 is \$62,715.

Retirement Plan

The Organization started a 401(k) plan during the year ended September 30, 2024. Employees are eligible to participate after 60 days of continued employment. The Organization matches employee salary deferrals up to 6% of their annual compensation. The Organization's matching contributions for the year ended September 30, 2024 totaled \$8,083.

Line of Credit

The Organization has a line of credit at 8.00% interest annually with First Dakota Bank. As of September 30, 2024, the balance due on the line of credit is \$0.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, because of contractual or donor-imposed restrictions or internal restrictions.

	2024
Cash and Cash Equivalents	\$ 29,966
Accounts Receivable	10,175
Grants Receivable	173,686
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 213,827</u>

The Organization has a policy to structure its financial assets to be available as general expenses, liabilities and other obligations come due. The Organization has also considered the availability of a line of credit if assets are not available to meet obligations.

3. DEPOSITS CONCENTRATION OF RISK – CUSTODIAL CREDIT RISK

Concentration of risk includes operations in a regional geographic area, and the specialized service of this Organization.

Yankton Transit, Inc. holds cash balances at two financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of September 30, 2024, the bank balances were \$64,445 with \$0 of the balances as of September 30, 2024 uninsured. The carrying amount of these deposits as of September 30, 2024 was \$29,996.

4. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the organization managed its risks as follows:

Employee Health Insurance – The Organization purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance – The Organization purchases liability insurance for risks related to torts; theft and damage to vehicles and property.

Vehicle Insurance – The Organization purchases vehicle insurance for damage and liability related to the operations of the transit vehicles.

Workmen's Compensation – The Organization purchases liability insurance for workmen's compensation from a commercial carrier.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Unemployment Benefits – The Organization provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

5. COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the Organization is in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting authority, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement, which may arise as the result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

6. FUNCTIONAL EXPENSE ALLOCATIONS

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program activities and supporting services benefited. Yankton Transit, Inc. employs certain cost allocation methods for the purpose of allocating costs to specific programs. Actual costs are allocated directly to programs to the extent possible. Overhead costs are allocated on a percentage basis. Occupancy costs are allocated based on usage of building square footage.

7. RESTRICTIONS ON NET ASSETS

Net Assets with donor restrictions at September 30, 2024, consist of the following:

With Donor Restrictions:

Subject to expenditure for a specified purpose:

Restricted for transportation:

Property and Equipment	\$ 1,172,545
Insurance Settlement	<u>65,000</u>

Total Net Assets with Donor Restrictions \$ 1,237,545

.

8. NEW ACCOUNTING STANDARDS UPDATE

June 2016, FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), commonly known as CECL. CECL's main goal is to improve financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope. This ASU was effective for periods beginning after December 15, 2022. The adoption of this standard did not have an impact on the Organization's financial statements.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

9. PRIOR PERIOD ADJUSTMENT

During the course of the audit, the auditor became aware of the vacation leave/compensated absences balances were not recorded correctly at the end of September 30, 2023. The amount reported on the financials at September 30, 2023 was \$11,555 and should have been reported as \$39,004.

Originally reported vacation leave/compensated absences	\$11,555
Restated vacation/compensated absences	<u>39,004</u>
Restated Net Assets	<u>\$27,449</u>

10. RELATED PARTY TRANSACTIONS

On January 5, 2021, Yankton Transit Inc. entered into a management agreement with RCT for the purpose of managing and operating the transit system. They will pay RCT \$5,000 per month. Total expense for FY24 is \$60,000.

In September 2024, Community Coordinated Transportation (DBA River City Transit, or "RCT"), a related party, forfeited a \$25,000 Avera grant to Yankton Transit, Inc. DBA Southeast Public Transit. This is coded as grant revenue in the financials as of September 30, 2024.

RCT also donated a Dodge Caravan to Yankton Transit, Inc. The cost of this vehicle was \$36,978 and accumulated depreciation was \$36,978.

11. SUBSEQUENT EVENTS

In October 2024, the Organization used a \$35,000 line of credit at First Dakota Bank. This amount was needed for operations. The line of credit was paid back on November 05, 2024. Interest paid with the line of credit was \$269. Principal paid was \$35,000.

In October 2024, Community Coordinated Transportation System (a related entity) borrowed \$50,000 to Yankton Transit, Inc., for operations. The note is setup with 5% interest. January 14, 2025 was the first payment of \$10,000. Payments will be starting at \$6,931.34 April 1, 2025 and will end on September 1, 2025.

12. BUSINESS COMBINATION

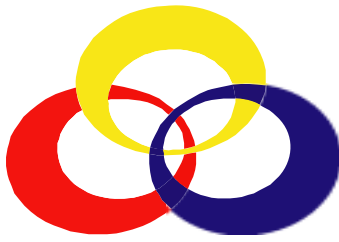
On May 9, 2024, Vermillion Public Transit, which is a subsidiary of SESDAC, and Yankton Transit, Inc. approved a merger of operations. The merger took place on July 1, 2024. Buses, vehicles and equipment were merged on this date.

Both provide transportation services to residents in their areas. As a result of the merger, the combined organization has been renamed Yankton Transit, Inc, DBA Southeast Public Transit. Through the merger, the organizations seek to further common missions by integrating services.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Buses, Vehicles and Equipment transferred in merger were:

<u>Asset Item</u>	<u>Cost</u>	<u>Accum Depr</u>	<u>Basis</u>
Dodge Entervan	\$ 37,693	\$ (37,693)	\$ -
Freightliner Sprinter	90,727	(90,727)	-
Ford Eldorado	67,932	(67,932)	-
Dodge Entervan	37,390	(37,390)	-
Ford E-450 Diamond	81,780	(40,890)	40,890
Ford E-450 Diamond	81,780	(40,890)	40,890
Ford E-450 Diamond	136,404	-	136,404
Ford Eldorado	109,620	(109,620)	-
2010 Ford Eldorado	<u>63,760</u>	<u>(63,760)</u>	<u>-</u>
 Total Vehicle and Buses	 707,086	 (488,902)	 218,184
 Car Wash System	 19,705	 (10,791)	 8,914
Security System	<u>19,948</u>	<u>-</u>	<u>19,948</u>
 Total Equipment	 39,653	 (10,791)	 28,862
 Merger of Assets	 \$ 746,739	 \$ (478,111)	 \$ 247,046



Kinner & Company Ltd
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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 of
Yankton Transit, Inc.
DBA Southeast Public Transit

We have audited, in accordance with the 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, the financial statements of Yankton Transit, Inc. DBA Southeast Public Transit (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yankton Transit, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Yankton Transit, Inc.'s internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of prior and current findings and responses as item 2024-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yankton Transit, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Yankton Transit, Inc.'s Response to Findings

Yankton Transit, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Yankton Transit, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

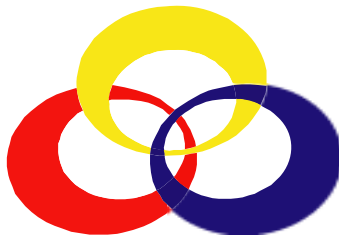
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kinner & Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

June 9, 2025



Kinner & Company Ltd
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

To the Board of Directors
Yankton Transit, Inc.
DBA Southeast Public Transit

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yankton Transit, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yankton Transit, Inc.'s major federal programs for the year ended September 30, 2024. Yankton Transit Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yankton Transit, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Yankton Transit Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Yankton Transit, Inc.'s compliance with the compliance requirements referred to above.

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Visit our website at www.kinner.co

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Yankton Transit, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yankton Transit, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Yankton Transit, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Yankton Transit, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Yankton Transit, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Yankton Transit, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal controls over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-02 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Yankton Transit, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Yankton Transit, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kinner & Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

June 9, 2025

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2024

Contractor/Grantor	Federal Contract Number	Federal Assistance Listing Number	Grant Contract Period	Current Period Expenditures
US Department of Transportation				
Pass Through - South Dakota Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program				
Formula Grants for Rural Areas	812133	20.509	* 10/01/2023-09/30/2024	\$ 523,335
Formula Grants for Rural Areas	812142	20.509	* 10/01/2023-09/30/2024	165,283
RTAP	UM1823 3794P	20.509	* 10/01/2023-09/30/2024	10,775
Toal Formula Grants for Rural Areas and Tribal Transit Program				699,393
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	812127, 812174	20.513	10/01/2023-09/30/2024	11,224
Enhanced Mobility of Seniors and Individuals with Disabilities	812128	20.513	10/01/2023-09/30/2024	1,505
Total Transit Services Programs Cluster				12,729
Federal Transit Cluster				
Buses and Bus Facilities Formula Programs	812013	20.526	10/01/2023-09/30/2026	14,148
Buses and Bus Facilities Formula Programs	812015	20.526	10/01/2023-09/30/2026	100,000
Buses and Bus Facilities Formula Programs	812080	20.526	10/01/2023-09/30/2026	7,614
Buses and Bus Facilities Formula Programs	812085	20.526	09/23/2022-09/30/2025	184,414
Buses and Bus Facilities Formula Programs	812179	20.526	10/01/2023-09/30/2025	5,615
Buses and Bus Facilities Formula Programs	812182	20.526	10/01/2023-09/30/2026	25,617
Total Federal Transit Cluster				337,408
Total US Department of Transportation				\$ 1,049,530
US Department of Health & Human Services				
Pass Through - South Dakota Department of Transportation				
Aging Cluster:				
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers		93.044	10/01/2023 - 09/30/2024	\$ 14,498
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers		93.044	10/01/2023 - 09/30/2024	16,660
Total US Department of Health & Human Services				\$ 31,158
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,080,688

* Denotes Major Programs

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2024

1. BASIS OF ACCOUNTING SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Yankton Transit, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

3. INDIRECT COST RATE

The Yankton Transit, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2024**

FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding 2023 – 001: Single Audit Report Filed Late

Condition:

The audited financial statements were not submitted to the Federal Clearinghouse by the due date of June 30, 2024.

Recommendation:

The management of Yankton Transit, Inc. should establish a timely process to ensure completion of the audit by June 30 of each year.

Current Status:

September 30, 2024 audit report will be submitted to Federal Clearinghouse by due date of June 30, 2025.

Finding 2023 – 002: General Ledger Reconciliations

Condition:

Yankton Transit, Inc. did not have an adequate internal control system in place to ensure the general ledger accurately reflected the account balances. The property and equipment balances were not updated to reflect prior year audit adjustments nor reconciled to reflect activity for the current and prior years.

Recommendation: The management of Yankton Transit, Inc. should evaluate its current internal control policies and procedures and ensure procedures exist for the timely and accurate reconciliation and adjustment of general ledger accounts resulting in the production of timely and accurate financial reports.

Current Status:

Revised and Repeated as Finding 2024 – 001.

FINDINGS – MAJOR FEDERAL AWARE PROGRAMS AUDIT

Finding 2023 – 003: Activities Allowed/Unallowed and Cost Principles (Internal Control Over Compliance)

Condition:

Yankton Transit Inc. did not have appropriate control documentation for some of the transactions tested. Although support was found for Point-of-Sale transactions, there was no evidence of approval of the transactions.

Recommendation: We recommend Yankton Transit Inc. become familiar with requirements of 2 CFR, §200.313(a) and establish appropriate internal control

YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SUMMARY SCHEULD OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2024

policies and procedures and that all staff be trained on those policies and procedures, so they are familiar with the requirements. We further recommend Yankton Transit Inc. does not process payments for disbursements that do not contain necessary approval of purchases.

Current Status:

Revised and Repeated as Finding 2024 – 002.

**YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | |
|--|-----|
| - Material weakness (es) identified? | Yes |
| - Significant deficiencies identified? | No |

Noncompliance material to financial statements noted?	No
---	----

Federal Awards

Internal control over major programs:

- | | |
|--|-----|
| - Material weakness (es) identified? | No |
| - Significant deficiencies identified? | Yes |

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?
No

Major program:

20.509 U.S. Department of Transportation,
 Formula Grants for Rural Areas

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low-risk auditee:	No
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YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section II - Financial Statement Findings

Finding 2024-001: Preparation of Financial Statements and footnotes, Schedule of Expenditures of Federal Awards with material journal entries

Condition: Yankton Transit, Inc. does not have an internal control system designed to provide for the preparation of the financial statements and schedule of expenditures of federal awards being audited, including required footnotes and all necessary material audit adjustments, in accordance with generally accepted accounting principles (GAAP). In conjunction with the completion of our audit, the Organization requested the external auditors to prepare the financial statements, schedule of expenditures of federal awards, related footnotes and disclosures for the year ended September 30, 2024. We identified certain audit adjustments that were proposed and corrected by management, as well as certain management-elected passed audit adjustments related to financial misstatements considered immaterial, both individually and in the aggregate.

Criteria: The Organization's internal control structure should be designed to provide for the preparation of the financial statements, footnotes, and the schedule of expenditures of federal awards in accordance with generally accepted accounting principles and the Uniform Guidance, as well as provide for the recording and review of all necessary adjusting journal entries for materially correct financial statements.

Cause: The Organization does not have the resources available to draft the financial statements, schedule of expenditures of federal and awards and note disclosures.

Effect: Although this circumstance is not unusual for an organization of your size, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Organizational personnel. This condition may affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: This condition is not unusual in an organization of your size. However, based on auditing standards, it is our responsibility to inform management and those charged with governance that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the Organization's management. We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions management might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in the financial statements. We are satisfied that the appropriate steps have been taken to provide management and those charged with governance with the completed financial statements.

**YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

Finding 2024–002: Activities Allowed/Unallowed and Cost Principles (Internal Control Over Compliance)

Significant Deficiency

ALN 20.509 Formula Grants for Rural Areas

Criteria: Uniform Guidance 2 CFR, §200.313(a) requires that non-federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our review of Yankton Transit Inc.’s internal controls related to formula grants for rural areas major program, we tested disbursements for control deficiencies and transactions to support the opinion on compliance. The Point of Sale transactions (debit card purchases) had no evidence of approval of the transactions. Of the 40 transactions tested to support the opinion on compliance, 4 transactions were out of compliance.

Questioned Costs: None

Cause: Yankton Transit Inc.’s current policies do not address the specific procedures related to processing POS transactions prior to the transactions being processed.

Effect: Disbursements are being processed without proper approval, resulting in the possibility of disallowed expenditures.

Recommendation: We recommend Yankton Transit Inc. become familiar with requirements of 2 CFR, §200.313(a) and establish appropriate internal control policies and procedures and that all staff be trained on those policies and procedures, so they are familiar with the requirements. We further recommend Yankton Transit Inc. does not process payments for disbursements that do not contain necessary approval of purchases.

Views of Responsible Officials: See the corrective action plan that accompanies the schedule of findings and questioned costs.

**YANKTON TRANSIT, INC.
DBA SOUTHEAST PUBLIC TRANSIT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Finding 2024-001

Finding Summary: Kinner & Company, Ltd prepared our draft financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards which also included certain auditor proposed adjusting journal entries and passed audit adjustments.

Responsible Individuals: Ronald Baumgart, Executive Director

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements, accompanying notes, and schedule of expenditures of federal awards. We requested that our auditors, Kinner & Company, Ltd, prepared the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements, accompanying notes, and schedule of expenditures of federal awards, and any adjusting and passed journal entries prepared or identified by the auditor.

Anticipated Completion Date: Ongoing

Finding 2024-002

Finding Summary: Yankton Transit's current policies during the audit do not address the specific procedures related to processing POS transactions prior to the transactions being processed.

Responsible Individuals: Ronald Baumgart, Executive Director

Corrective Action Plan: Yankton Transit will become familiar with the requirements of CFR, §200.313(a) and will establish internal control policies and procedures and will train staff on those policies and procedures. Currently, we have changed the debit cards to credit cards for proper approval and complete support for the transactions that occur monthly.

Anticipated Completion Date: September 30, 2025