



Financial Statements
December 31, 2017

Dickinson Theodore Roosevelt Regional Airport

Dickinson Theodore Roosevelt Regional Airport

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Dickinson Theodore Roosevelt Regional Airport

List of Officials

December 31, 2017

Jon Frantsvog
Shawn Soehren
Craig Steve
Jeff Moore
Ken Kussy

Chairman
Vice-Chairman
Secretary-Treasurer
Commissioner
Commissioner

Kelly Braun

Manager



Independent Auditor's Report

The Board of Directors
Dickinson Theodore Roosevelt Regional Airport
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dickinson Theodore Roosevelt Regional Airport (the Airport) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Dickinson Theodore Roosevelt Regional Airport as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise Dickinson Theodore Roosevelt Regional Airport's basic financial statements. The list of officials is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The list of officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2018 on our consideration of the Dickinson Theodore Roosevelt Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Dickinson Theodore Roosevelt Regional Airport'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 Dickinson Theodore Roosevelt Regional Airport's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sallee LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota
October 16, 2018

Dickinson Theodore Roosevelt Regional Airport
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Cash	\$ 1,361,657
Accounts receivable	50,658
Intergovernmental receivable	231,985
Capital assets not being depreciated	
Land	139,353
Easements	47,821
Construction in progress	1,313,868
Capital assets (net of accumulated depreciation)	
Buildings	5,215,960
Equipment	788,870
Improvements	4,677,926
Total capital assets	12,183,798
Total Assets	13,828,098
Liabilities	
Accounts payable	156,902
Salaries and benefits payable	10,203
Unearned revenue	140,000
Long-term liabilities	
Due within one year	
Loan payable	142,325
Due after one year	
Loan payable	240,525
Total Liabilities	689,955
Net Position	
Net investment in capital assets	11,800,948
Unrestricted	1,337,195
Total Net Position	\$ 13,138,143

Dickinson Theodore Roosevelt Regional Airport
Statement of Activities
Year Ended December 31, 2017

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government Governmental Activities					
Transportation	\$ 2,102,442	\$ 694,374	\$ -	\$ 1,957,062	\$ 548,994
Total Primary Government	<u>\$ 2,102,442</u>	<u>\$ 694,374</u>	<u>\$ -</u>	<u>\$ 1,957,062</u>	<u>548,994</u>
General Revenues					
Taxes					
Property taxes; levied for general purposes					509,725
Earnings on investments					196
Miscellaneous revenue					<u>19,246</u>
Total General Revenues					<u>529,167</u>
Change in Net Position					<u>1,078,161</u>
Net Position - January 1					<u>12,059,982</u>
Net Position - December 31					<u>\$ 13,138,143</u>

Dickinson Theodore Roosevelt Regional Airport
Balance Sheet – Governmental Funds
December 31, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 1,361,657	\$ -	\$ 1,361,657
Accounts receivable	50,658	-	50,658
Intergovernmental receivable	231,985	-	231,985
	<u>231,985</u>	<u>-</u>	<u>231,985</u>
Total Assets	<u>\$ 1,644,300</u>	<u>\$ -</u>	<u>\$ 1,644,300</u>
Liabilities			
Accounts payable	\$ 156,902	\$ -	\$ 156,902
Salaries and benefits payable	10,203	-	10,203
Unearned revenue	140,000	-	140,000
	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total Liabilities	<u>307,105</u>	<u>-</u>	<u>307,105</u>
Fund Balances			
Unassigned	1,337,195	-	1,337,195
	<u>1,337,195</u>	<u>-</u>	<u>1,337,195</u>
Total Fund Balances	<u>1,337,195</u>	<u>-</u>	<u>1,337,195</u>
Total Liabilities and Fund Balances	<u>\$ 1,644,300</u>	<u>\$ -</u>	<u>\$ 1,644,300</u>

Dickinson Theodore Roosevelt Regional Airport
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balances for Governmental Funds	\$ 1,337,195
Total net position reported for government activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.	
Cost of capital assets	\$ 19,483,834
Less accumulated depreciation	<u>7,300,036</u>
Net capital assets	12,183,798
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the statement of net position. The balance at December 31, 2017 for loans payable is:	
	<u>(382,850)</u>
Total net position of governmental activities	<u><u>\$ 13,138,143</u></u>

Dickinson Theodore Roosevelt Regional Airport
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended December 31, 2017

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 509,725	\$ -	\$ 509,725
Intergovernmental revenues	-	1,998,328	1,998,328
Charges for service	512,711	-	512,711
Parking revenue	181,663	-	181,663
Interest income	196	-	196
Miscellaneous revenues	19,246	-	19,246
Total Revenues	1,223,541	1,998,328	3,221,869
Expenditures			
General government			
Salaries and benefits	434,963	-	434,963
Associations	1,695	-	1,695
Maintenance & repairs	202,858	409,766	612,624
Professional fees	30,063	-	30,063
Utilities	72,436	-	72,436
Insurance	19,530	-	19,530
Telephone & radio	5,126	-	5,126
Advertising	18,670	-	18,670
Travel and meetings	24,810	-	24,810
Office supplies	7,002	-	7,002
Fuel, oil & grease	36,738	-	36,738
Equipment rental	11,605	-	11,605
Postage & printing	2,759	-	2,759
Other	18,234	-	18,234
Debt service			
Principal	180,422	-	180,422
Interest	7,475	-	7,475
Capital outlay	-	1,313,868	1,313,868
Total Expenditures	1,074,386	1,723,634	2,798,020
Excess of Revenues Over Expenditures			
	149,155	274,694	423,849
Other Financing Sources (Uses)			
Transfers in	274,694	-	274,694
Transfers out	-	(274,694)	(274,694)
Total Other Financing Sources and Uses	274,694	(274,694)	-
Net Change in Fund Balances	423,849	-	423,849
Fund Balance - January 1	913,346	-	913,346
Fund Balance - December 31	<u>\$ 1,337,195</u>	<u>\$ -</u>	<u>\$ 1,337,195</u>

Dickinson Theodore Roosevelt Regional Airport
 Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to
 the Statement of Activities
 Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 423,849

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.

Current year capital outlay	\$ 1,313,868	
Current year depreciation expense	<u>(798,712)</u>	515,156

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in deferred inflows of resources. (41,266)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 180,422

Change in Net Position of Governmental Activities \$ 1,078,161

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Dickinson Theodore Roosevelt Regional Airport (the Airport) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity

The accompanying financial statements present the activities of Dickinson Theodore Roosevelt Regional Airport. The airport has considered all potential component units for which the airport is financially accountable and other organizations for which the nature and significance of their relationships with the airport are such that exclusion would cause the airport's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of Dickinson Theodore Roosevelt Regional Airport to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Dickinson Theodore Roosevelt Regional Airport. There are no organizations meeting the criteria of a component unit.

Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for service, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the airport's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the airport's funds. A separate statement for the fund category-governmental is presented. The emphasis of fund financial statements is on major governmental funds.

General Fund: This is the airport's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund: This fund was established for expenditures which result in the acquisition of or addition of capital assets.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide: The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Airport gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes, grants, entitlements, and donations are recorded on the accrual basis. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Airport considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the airport funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted fund balances available to finance the program. It is the airport's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the airport's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance Classification Policies and Procedures

The airport classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The formal action is required to establish, modify and rescind a fund balance commitment.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Airport Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The airport uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the airport would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The airport does not have a formal minimum fund balance policy.

Cash

Cash includes amount in demand deposits, money market accounts and highly liquid short-term investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consist of amounts billed to individuals or other entities for services provided. Management has deemed all accounts receivable collectible and accordingly no allowance for uncollectible accounts is recorded.

Intergovernmental Receivable

Intergovernmental receivables consist of amounts reimbursable from grants receivable for capital improvement projects.

Property Taxes

Property taxes are levied as of January 1st. The property taxes attach as an enforceable lien on property on January 1st. The tax levy may be paid in two installments: the first installment includes one-half of the real estate taxes and all the special assessments; the second installment is the balance of the real estate taxes. The first installment is due by March 1st and the second installment is due by October 15th. A 5% discount is allowed if all taxes and special assessments are paid by February 15th. After the due date, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15th and receive the 5% discount on the property taxes.

Capital Assets

Capital assets include land, intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period, buildings, equipment, and improvements. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the airport as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated over their estimated useful lives unless they are inexhaustible, such as land and land improvements, or are intangible assets with indefinite useful lives, such as the easements recorded by the Airport. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Equipment	5-20 years
Improvements	20-50 years

Deferred Outflows of Resources and Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Salaries and Benefits Payable

Salaries and benefits payable consist of salaries and payroll taxes that were paid out in January 2018.

Accounts Payable

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2017 and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

Unearned Revenue

Unearned revenue consists of grant funds that were received by the Airport but not expended as of December 31, 2017.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Note 2 - Deposits

In accordance with North Dakota Statutes, the Airport maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, bonds, notes, warrants, certificates or indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school unit, park unit, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year end December 31, 2017, the Airport's carrying amount of deposits was \$1,361,657 and the bank balance was \$1,398,498. Of the bank balances, \$250,000 was covered by Federal Depository Insurance for 2017. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk

The Airport may invest idle funds as authorized in North Dakota Statutes, as follows:

- Bonds, Treasury bills and notes, or other securities that are direct obligation insured or guaranteed by, the Treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
- Obligations of the state.

Concentration of Credit Risk

The Airport does not have a limit on the amount they may invest in any one issuer.

Note 3 - Legal Compliance

At December 31, 2017, the Airport had expenditures that exceeded budgeted appropriations in the general fund of \$175,949. No remedial action is anticipated or required.

Note 4 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2017.

Governmental Activities	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Capital assets, not being depreciated				
Land	\$ 139,353	\$ -	\$ -	\$ 139,353
Easements	47,821	-	-	47,821
Construction in progress	-	1,313,868	-	1,313,868
Total capital assets, not being depreciated	187,174	1,313,868	-	1,501,042
Capital assets, being depreciated				
Buildings	6,889,319	-	-	6,889,319
Equipment	1,329,162	-	-	1,329,162
Improvements	9,764,311	-	-	9,764,311
Total capital assets, being depreciated	17,982,792	-	-	17,982,792
Less accumulated depreciation for				
Buildings	1,419,219	254,140	-	1,673,359
Equipment	449,486	90,806	-	540,292
Improvements	4,632,619	453,766	-	5,086,385
Total accumulated depreciation	6,501,324	798,712	-	7,300,036
Total capital assets being depreciated, net	11,481,468	(798,712)	-	10,682,756
Governmental activities capital assets, net	\$ 11,668,642	\$ 515,156	\$ -	\$ 12,183,798

Depreciation expense charged to the transportation function for the year was \$798,712.

Note 5 - Long-Term Liabilities

Changes in Long-Term Liabilities - During the year ended December 31, 2017, the following changes occurred in long-term liabilities of the airport:

	Balance 1/1/17	Additions	Reductions	Balance 12/31/17	Current
Loans payable	\$ 563,272	\$ -	\$ (180,422)	\$ 382,850	\$ 142,325

Outstanding debt at December 31, 2017 consists of the following issues:

Loans Payable

Loan payable to Stark Development Corporation for \$150,000 at 0% interest rate due on December 31, 2021.	\$ 60,000
Loan payable to U.S. Bank for \$630,899 at an interest rate of 1.879%; due in monthly installments of \$11,205; with a maturity date of June 30, 2020; secured by equipment.	322,850
	\$ 382,850

The annual requirements to amortize Dickinson Theodore Roosevelt Regional Airport's outstanding debt are as follows:

	Principal	Interest
2018	\$ 142,325	\$ 4,972
2019	144,737	2,560
2020	80,788	361
2021	15,000	-
	\$ 382,850	\$ 7,893

Note 6 - Risk Management

Dickinson Theodore Roosevelt Regional Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Dickinson Theodore Roosevelt Regional Airport carries general liability insurance coverage through Old Republic Insurance Company. Dickinson Theodore Roosevelt Regional Airport also carries insurance on vehicles and equipment through American Insurance. In addition, Dickinson Theodore Roosevelt Regional Airport participates in the North Dakota Fire and Tornado Fund. The Airport pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of two million dollars per occurrence during a 12 month period.

Dickinson Municipal Airport Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident insurance and employee professional liability insurance. The Airport Authority pays 80% of the cost of health insurance for full time employees. Contracted employees receive health insurance per the negotiated contract.

Settlement claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Note 7 - Pension Plans

Savings Incentive Match Plan for Employees of Small Employers

Dickinson Theodore Roosevelt Regional Airport contributes to qualified retirement plans administered by Horace Mann, Edward Jones, Pershing and American Bank Center, as directed by each employee.

Plan members are allowed to contribute up to \$6,000 annually. The airport is required to contribute a matching amount, up to 3% of the employee's annual salary. The airport's contributions to employee retirement plans for the years ending December 31, 2017, 2016 and 2015 were \$7,158, \$7,460, and \$6,619, respectively, equal to the required contributions for the year.

Note 8 - Interfund Transfers

Interfund transfers for the year ended December 31, 2017 were as follows:

	Transfer from Capital Projects
Transferred to General Fund	\$ 274,694

Purpose of Transfer – Interfund transfers from the Capital Projects to General Fund were made for the year ended December 31, 2017 as Capital Projects revenues in excess of expenditures are intended to be transferred to the General Fund.

Note 9 - Commitments

The Airport has entered into numerous different contracts for the different on-going engineering and planning projects. The amount still to be completed and paid on these contracts at December 31, 2017 was approximately \$1,430,250.



Required Supplementary Information
December 31, 2017

Dickinson Theodore Roosevelt Regional Airport

Dickinson Theodore Roosevelt Regional Airport
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 490,952	\$ 490,952	\$ 509,725	\$ 18,773
Charges for service	512,622	512,622	512,711	89
Parking revenues	120,000	120,000	181,663	61,663
Interest income	220	220	196	(24)
Miscellaneous	15,630	15,630	19,246	3,616
Total Revenues	1,139,424	1,139,424	1,223,541	84,117
Expenditures				
Salaries and benefits	484,927	484,927	434,963	49,964
Associations	2,000	2,000	1,695	305
Maintenance & repairs	155,000	155,000	202,858	(47,858)
Professional fees	45,000	45,000	30,063	14,937
Utilities	83,720	83,720	72,436	11,284
Insurance	15,000	15,000	19,530	(4,530)
Telephone & radio	11,650	11,650	5,126	6,524
Advertising	15,000	15,000	18,670	(3,670)
Travel and meetings	18,000	18,000	24,810	(6,810)
Office supplies	6,800	6,800	7,002	(202)
Fuel, oil & grease	28,000	28,000	36,738	(8,738)
Equipment rental	3,000	3,000	11,605	(8,605)
Postage & printing	2,000	2,000	2,759	(759)
Debt service payments	13,340	13,340	187,897	(174,557)
Other	15,000	15,000	18,234	(3,234)
Total Expenditures	898,437	898,437	1,074,386	(175,949)
Excess of Revenues Over Expenditures	240,987	240,987	149,155	(91,832)
Other Financing Sources (Uses)				
Transfers in	-	-	274,694	274,694
Total Other Financing Sources and Uses	-	-	274,694	274,694
Net Change in Fund Balance	\$ 240,987	\$ 240,987	423,849	\$ 182,862
Fund Balance - January 1			913,346	
Fund Balance - December 31			<u>\$ 1,337,195</u>	

Note 1 - Stewardship, Compliance and Accountability

Budgetary Information

- The Budgetary Comparison Schedule has been prepared on the modified accrual basis of accounting.
- The preliminary budget includes the estimated revenues and appropriations for the general fund and capital projects fund of the airport authority.
- The board of directors adopts the final budget on or before October 7th.
- The budget is controlled by the airport manager. The legal level of control is at the fund level and the Airport has the authority to exceed line items as long as the fund appropriations are not exceeded.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriation not anticipated at the time the budget was prepared. NDCC 57-15-31.1
- All appropriations lapse at year-end.



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*

The Board of Directors
Dickinson Theodore Roosevelt Regional Airport
Dickinson, North Dakota

We have audited, 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, the financial statements of the governmental activities and each major fund of Dickinson Theodore Roosevelt Regional Airport as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Dickinson Theodore Roosevelt Regional Airport's basic financial statements, and have issued our report thereon dated October 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickinson Theodore Roosevelt Regional Airport'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickinson Theodore Roosevelt Regional Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of Dickinson Theodore Roosevelt Regional Airport's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2017-A, 2017-B and 2017-C.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickinson Theodore Roosevelt Regional Airport'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*.

Dickinson Theodore Roosevelt Regional Airport's Responses to Findings

Dickinson Theodore Roosevelt Regional Airport's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Dickinson Theodore Roosevelt Regional Airport's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bismarck, North Dakota
October 16, 2018



**Independent Auditor’s Report on Compliance for the Major Federal Program;
Report on Internal Control over Compliance Required by the Uniform Guidance**

The Board of Directors
Dickinson Theodore Roosevelt Regional Airport
Dickinson, North Dakota

Report on Compliance for the Major Federal Program

We have audited Dickinson Theodore Roosevelt Regional Airport, North Dakota’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The Airport’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for Dickinson Theodore Roosevelt Regional Airport’s major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Dickinson Theodore Roosevelt Regional Airport’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 on compliance for the major federal program. However, our audit does not provide a legal determination of Dickinson Theodore Roosevelt Regional Airport’s compliance.

Opinion on the Major Federal Program

In our opinion, Dickinson Theodore Roosevelt Regional Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of Dickinson Theodore Roosevelt Regional Airport is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dickinson Theodore Roosevelt Regional Airport's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dickinson Theodore Roosevelt Regional Airport'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 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 compliance requirement 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.

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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Bismarck, North Dakota
October 16, 2018

Dickinson Theodore Roosevelt Regional Airport
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2017

Federal Grantor, Pass-through Grantor and Program Title	Federal CFDA Number	Expenditures
U.S Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106	<u>\$ 1,440,108</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,440,108</u></u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Dickinson Theodore Roosevelt Regional Airport under programs of the federal government for the year ended December 31, 2017. The information 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* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Dickinson Theodore Roosevelt Regional Airport, it is not intended to and does not present the financial position or changes in net position or fund balance of Dickinson Theodore Roosevelt Regional Airport.

Note B – Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. 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.

Note C – Indirect Cost Rate

The Dickinson Theodore Roosevelt Regional Airport does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA number</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2017-A – Segregation of Duties
Material Weakness**

Criteria - A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition - The Airport has a lack of segregation of duties in certain areas due to a limited staff.

Cause – The Airport has limited staff to be able to adequately segregate duties.

Effect - Inadequate segregation of duties could adversely affect the Airport’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned function.

Recommendation – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, all accounting functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the Airport.

Views of Responsible Officials – Management agrees with the finding.

**2017-B - Recording of Transactions
Material Weakness**

Criteria - A good system of internal accounting control contemplates proper reconciliations of all general ledger accounts and adjustments of those accounts to the reconciled balances.

Condition – We identified misstatements in the Airport’s financial statements causing us to propose material audit adjustments.

Cause – The Airport has not trained staff in the recording of certain transactions.

Effect - Inadequate internal controls over recording of transactions affects the Airport’s ability to detect misstatements in amounts that could be material in relation to the financial.

Recommendation – We recommend that all general ledger accounts are reconciled in a timely manner and adjustments made for any differences noted.

Views of Responsible Officials – Management agrees with the finding.

2017-C - Preparation of Financial Statements and the Schedule of Expenditures of Federal Awards
Material Weakness

Criteria – A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements and the schedule of expenditures of federal awards.

Condition – The Airport does not have an internal control system designed to provide for the preparation of the financial statements or schedule of expenditures of federal awards being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements and the schedule of expenditures of federal awards.

Cause – The Airport has not trained staff in GASB or Uniform Guidance reporting standards.

Effect – This control deficiency could result in a misstatement to the financial statements and accompanying notes to the financial statements and to the schedule of expenditures of federal awards. This also results in financial information not being as readily available for the users of the financial statements.

Recommendation – The circumstance is not unusual in an organization of your size. 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

None