

**DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
DICKINSON, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BOARD OF DIRECTORS
DECEMBER 31, 2020

Jeff Moore	Chairman
Shawn Soehren	Vice-Chairman
Markus Powell	Secretary/Treasurer
Jon Frantsvog	Commissioner
Bruce Burke	Commissioner
Kelly Braun	Airport Manager

INDEPENDENT AUDITOR'S REPORT

To 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 Dickinson Theodore Roosevelt Regional Airport ("Airport"), Dickinson, North Dakota, as of and for the year ended December 31, 2020, 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.

Opinion

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 Dickinson Theodore Roosevelt Regional Airport, Dickinson, North Dakota, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in note 2 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule- general fund and notes to the required supplementary information, as listed in the table of contents, 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. 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, economical, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The board of directors listing is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and related 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 board of directors listing 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 our report dated August 31, 2021 on our consideration of the Airport'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 the 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 the Airport's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

August 31, 2021

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 3,723,743
Cash and cash equivalents- restricted	165,321
Accounts receivable	24,970
Grants receivable	1,545,770
Due from governments	<u>84,377</u>
Total current assets	<u>5,544,181</u>
Capital assets not depreciated:	
Land	2,252,221
Construction in progress	27,805,444
Capital assets (net of accumulated depreciation):	
Buildings	4,520,739
Equipment	843,459
Improvements	<u>7,821,927</u>
Total capital assets, net	<u>43,243,790</u>
TOTAL ASSETS	<u>48,787,971</u>

LIABILITIES

Current liabilities	
Accounts payable	557,157
Retainage payable	1,172,126
Salaries and benefits payable	29,560
Current portion of loan payable	<u>15,000</u>
Total current liabilities	<u>1,773,843</u>

NET POSITION

Net investment in capital assets	42,056,664
Restricted for passenger facility charges	165,321
Unrestricted	<u>4,792,143</u>
TOTAL NET POSITION	<u>\$ 47,014,128</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Transportation	\$ 1,917,215	\$ 570,930	\$ 939,200	\$ 19,509,134	\$ 19,102,049
Total governmental activities	<u>\$ 1,917,215</u>	<u>\$ 570,930</u>	<u>\$ 939,200</u>	<u>\$ 19,509,134</u>	<u>19,102,049</u>
<u>General revenues</u>					
Taxes					
Property taxes; levied for general purposes					548,061
Earnings on investments					396
Miscellaneous revenue					<u>32,821</u>
Total general revenues					<u>581,278</u>
Change in net position					<u>19,683,327</u>
Net position - January 1, as originally stated					25,545,828
Prior period adjustments - see note 2					<u>1,784,973</u>
Net position - January 1, restated					<u>27,330,801</u>
Net position - December 31					<u>\$ 47,014,128</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Capital Projects	Total Governmental Funds
Assets			
Cash	\$ 3,113,396	\$ 610,347	\$ 3,723,743
Cash and cash equivalents- restricted	165,321	-	165,321
Accounts receivable	24,970	-	24,970
Grants receivable	160,896	426,382	587,278
Due from other government	55,988	28,389	84,377
	<u>\$ 3,520,571</u>	<u>\$ 1,065,118</u>	<u>\$ 4,585,689</u>
Liabilities			
Accounts payable	\$ 72,139	\$ 485,018	\$ 557,157
Retainage payable	-	1,172,126	1,172,126
Salaries and benefits payable	29,560	-	29,560
	<u>101,699</u>	<u>1,657,144</u>	<u>1,758,843</u>
Fund balances			
Restricted	-	165,321	165,321
Unassigned	3,418,872	(757,347)	2,661,525
	<u>3,418,872</u>	<u>(592,026)</u>	<u>2,826,846</u>
Total Fund Balances	<u>3,418,872</u>	<u>(592,026)</u>	<u>2,826,846</u>
Total liabilities and fund balances	<u>\$ 3,520,571</u>	<u>\$ 1,065,118</u>	<u>\$ 4,585,689</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total fund balances for governmental funds	\$ 2,826,846
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	43,243,790
Some of the Authority's revenues are collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds	958,492
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.	
Loan payable	<u>(15,000)</u>
Total net position of governmental activities	<u>\$ 47,014,128</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 548,061	\$ -	\$ 548,061
Intergovernmental revenues	939,200	18,550,641	19,489,841
Charges for services	570,930	-	570,930
Interest income	396	-	396
Miscellaneous revenues	32,821	-	32,821
Total revenues	<u>2,091,408</u>	<u>18,550,641</u>	<u>20,642,049</u>
Expenditures			
General government			
Salaries and benefits	616,658	-	616,658
Associations	1,705	-	1,705
Maintenance and repairs	200,101	15,220	215,321
Professional fees	67,898	-	67,898
Utilities	49,983	-	49,983
Insurance	21,975	-	21,975
Telephone and radio	6,001	-	6,001
Advertising	18,406	-	18,406
Travel and meetings	7,758	-	7,758
Office supplies	6,790	-	6,790
Fuel, oil and grease	31,756	-	31,756
Equipment rental	5,444	-	5,444
Postage and printing	323	-	323
Miscellaneous	11,827	-	11,827
Debt service			
Principal	-	80,788	80,788
Interest	-	361	361
Capital outlay	139,576	19,303,902	19,443,478
Total expenditures	<u>1,186,201</u>	<u>19,400,271</u>	<u>20,586,472</u>
Excess of revenue over expenditures	<u>905,207</u>	<u>(849,630)</u>	<u>55,577</u>
Net change in fund balances	905,207	(849,630)	55,577
Fund balance - beginning of year	<u>2,513,665</u>	<u>257,604</u>	<u>2,771,269</u>
Fund balance - end of year	<u>\$ 3,418,872</u>	<u>\$ (592,026)</u>	<u>\$ 2,826,846</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balance - total governmental funds	\$ 55,577
The change in the 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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	19,443,478
Depreciation expense	(855,008)
Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year	
	958,492
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.	
	<u>80,788</u>
Change in net position	<u>\$ 19,683,327</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Dickinson Theodore Roosevelt Regional Airport (Airport) was formed in 1944. It operates under the provisions of the North Dakota Century Code, Chapter 2.06. It is governed by a Board of 5 directors, one of which is appointed by the Mayor of the City of Dickinson and confirmed by the City Council, and one of which are appointed by the Stark County Commission. The Airport's financial statements include only funds and departments over which the Airport officials exercise oversight responsibility. No other agencies, Boards, commissions or other organizations have been included in the Airport's financial statements.

Component units are legally separate organizations for which the officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the government. The Airport is a component unit of the City of Dickinson, North Dakota, and has been included in that oversight body's financial statements. The Airport has no component units.

Basis of Presentation

The Airport 's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Airport as a whole. These statements include the financial activities of the reporting entity, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each program or 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 program and (b) grants and contributions that are restricted to meet 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

During the year, the Airport segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The focus of the governmental fund financial statements is on major funds.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

The Airport reports the following major governmental funds:

General Fund: The general fund is the government'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 is used to account for accumulation of resources for and expenditure on capital projects.

Measurement Focus/Basis of Accounting

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

Governmental fund financial statements are reported using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available if they are collected within 60 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.

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.

Grants Receivable

Grants receivable consist of amounts billed for federal and state grants that the Airport has not received on work completed.

Due From Other Governments

Due from other governments consists of grant reimbursements the Airport expects to receive from other state and federal government entities.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

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 government-wide financial statements. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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	20-30 Years
Improvements	20 Years
Equipment	5-20 Years

Accounts Payable

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2020, and chargeable to the appropriations for the year then ended, but paid for subsequent to that date.

Retainage Payable

Retainage payable consists of amounts withheld on payments to contractors on construction projects in progress at year end.

Salaries and Benefits Payable

Salaries and benefits payable consist of salaries and related taxes and benefits that were paid subsequent to year end. Also included are accrued vacation and sick leave balances.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

Vacation leave is granted to all qualified employees and will accrue at a rate according to the employee's tenure with the Airport. The maximum number of vacation hours an employee shall be allowed to carry over each year is 120 hours. After the initial probationary period, employees shall accrue sick leave a rate of 3.70 hours per pay period. There is no limit to the amount of sick hours an employee is allowed to carry over. At termination of employment, employees are eligible for payment of accrued sick leave at a rate of 25% of the employee's hourly wage at the time of separation.

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.

Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the board of directors - the Airport's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Airport removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the Airport's "intent" to be used for specific purposes but are neither restricted nor committed. The board of directors and airport manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

When both restricted and unrestricted resources are available for use, the Airport's preference is to first use restricted resources, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The Airport has set a General fund minimum fund balance target at not less than 15% of the current year General fund expenditures and transfers out.

Grant Revenue Recognition

The governmental grants received by the Airport are recognized as revenue at the time eligible expenditures are incurred on the government wide statements. Governmental grants must be received within 60 days after year-end to be considered available and recognized as revenue within the funds. The grants are accounted for as exchange transactions due to the government's solicitation of proposals, approval of allowable expenditures and eligibility requirements. Grant funds received prior to expenditure are recorded as refundable advances on the statement of net position. These funds are to be repaid to the grantor if they are not used on eligible expenditures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 PRIOR PERIOD ADJUSTMENT

The Airport recorded a prior period adjustment to the December 31, 2019 financial statements for the following:

- An adjustment was made to capital assets for construction in progress and improvements that had not been included in construction in progress or capitalized as improvements. This increased net capital assets and government-wide net position by \$1,784,973 for the year ended December 31, 2020 financial statements.

NOTE 3 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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

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 December 31, 2020, the Airport's carrying amount of deposits was \$3,889,064 and the bank balance was \$3,896,828. Of the bank balances, \$250,000 was covered by Federal Depository Insurance for 2020. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the Airport'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 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	1/1/2020 (Restated)	Additions	Deletions	Transfers	12/31/2020
Capital assets not being depreciated					
Land	\$ 2,252,221	\$ -	\$ -	\$ -	\$ 2,252,221
Construction in progress	9,833,182	19,303,902	-	(1,331,640)	27,805,444
Total capital assets not being depreciated	<u>12,085,403</u>	<u>19,303,902</u>	<u>-</u>	<u>(1,331,640)</u>	<u>30,057,665</u>
Capital assets being depreciated:					
Buildings	6,889,320	68,049	-	-	6,957,369
Equipment	1,658,592	-	-	-	1,658,592
Improvements	12,803,830	71,527	-	1,331,640	14,206,997
Total capital assets being depreciated	<u>21,351,742</u>	<u>139,576</u>	<u>-</u>	<u>1,331,640</u>	<u>22,822,958</u>
Less accumulated depreciation:					
Buildings	2,181,637	254,993	-	-	2,436,630
Equipment	704,604	110,529	-	-	815,133
Improvements	5,895,584	489,486	-	-	6,385,070
Total accumulated depreciation	<u>8,781,825</u>	<u>855,008</u>	<u>-</u>	<u>-</u>	<u>9,636,833</u>
Total capital assets being depreciated, net	<u>12,569,917</u>	<u>(715,432)</u>	<u>-</u>	<u>1,331,640</u>	<u>13,186,125</u>
Net capital assets	<u>\$ 24,655,320</u>	<u>\$ 18,588,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,243,790</u>

Depreciation expense charged to the transportation function for the year was \$855,008.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

NOTE 5 LONG-TERM DEBT

Changes in long-term debt during the year ended December 31, 2020 were as follows:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
Loans Payable	<u>\$ 95,788</u>	<u>\$ -</u>	<u>\$ 80,788</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

Outstanding debt at December 31, 2020, consists of the following issue:

Loan payable to Stark Development Corporation for \$150,000 at 0% interest rate due in monthly installments of \$15,000; with a maturity date of December 31, 2021; unsecured	<u>\$ 15,000</u>
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The annual requirements to amortize Dickinson Theodore Roosevelt Regional Airport's outstanding debt are as follows:

	Loans Payable	
	<u>Principal</u>	<u>Interest</u>
2021	<u>\$ 15,000</u>	<u>\$ -</u>

NOTE 6 LEASES

The Airport entered into an operating lease agreement during the year ended December 31, 2020 to rent ground and hangar space to a tenant through 2038.

The Airport entered into an additional operating lease agreement during the year ended December 31, 2020, to rent building space to a tenant. The agreement calls for lease payments to the Airport of \$1,200 per year and is in effect until terminated.

Future minimum lease payments are as follows:

2021	\$ 3,467
2022	3,467
2023	3,467
2024	3,467
2025	3,467
Thereafter	<u>45,461</u>
	<u>\$ 62,796</u>

NOTE 7 CONCENTRATIONS

The Airport operates in a regional market consisting primarily of central western North Dakota.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

NOTE 8 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 Theodore Roosevelt Regional Airport 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 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 9 RETIREMENT PLAN

City of Dickinson, North Dakota Retirement Savings Plan

Dickinson Theodore Roosevelt Regional Airport contributes to a qualified retirement plan administered by the City of Dickinson, as directed by each employee.

Plan members have 5% of their compensation withheld, and the Airport is required to contribute a matching amount of 5% of the employee's annual salary. The Airport's contributions to the employee retirement plan for the year ended December 31, 2020 was \$20,145, equal to the required contributions for the year.

NOTE 10 GRANT PROGRAMS

The Airport participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Airport has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020, may be impaired.

In the opinion of the Airport, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

NOTE 11 COMMITMENTS

The Airport has entered into Projects 39, 40, 41, and G190004 for different on-going engineering and planning projects. The amount still to be completed and paid on these contracts at December 31, 2020 was approximately \$16,700,000.

NOTE 12 NEW PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2020

classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined what effect these statements will have on the Airport's financial statements.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to yearend, the Authority has entered into contracts for \$11.98 million.

On September 1, 2021, the Authority received a new grant award in the amount of \$7,777,777 for construction project Runway 14-32, Phase 2.

Subsequent events have been evaluated through August 31, 2021, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 733,586	\$ 733,586	\$ 548,061	\$ (185,525)
Intergovernmental revenues	-	-	939,200	939,200
Charges for service	756,569	756,569	570,930	(185,639)
Interest income	220	220	396	176
Miscellaneous	23,100	23,100	32,821	9,721
Total Revenues	1,513,475	1,513,475	2,091,408	577,933
Expenses				
Salaries and benefits	676,064	676,064	616,658	59,406
Associations	1,000	1,000	1,705	(705)
Maintenance and repairs	169,050	169,050	200,101	(31,051)
Professional fees	60,000	60,000	67,898	(7,898)
Utilities	78,800	78,800	49,983	28,817
Insurance	26,350	26,350	21,975	4,375
Telephone and radio	13,200	13,200	6,001	7,199
Advertising	15,000	15,000	18,406	(3,406)
Travel and meetings	19,000	19,000	7,758	11,242
Office supplies	5,000	5,000	6,790	(1,790)
Fuel, oil and grease	44,300	44,300	31,756	12,544
Equipment rental	6,000	6,000	5,444	556
Postage and printing	2,200	2,200	323	1,877
Debt service payments	4,972	4,972	-	4,972
Capital projects	374,600	374,600	139,576	235,024
Other	22,800	22,800	11,827	10,973
Total Expenses	1,518,336	1,518,336	1,186,201	332,135
Excess of Revenue over Expenses	(4,861)	(4,861)	905,207	910,068
Net Change in Fund Balance	\$ (4,861)	\$ (4,861)	905,207	\$ 910,068
Fund Balance- beginning of year			2,513,665	
Fund Balance- end of year			<u>\$ 3,418,872</u>	

See Note to the Required Supplementary Information

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

NOTE 1 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.
- 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

To the Board of Directors
Dickinson Theodore Roosevelt Regional Airport
Dickinson, North Dakota

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 the governmental activities and each major fund of the Dickinson Theodore Roosevelt Regional Airport, as of and for the year ended December 31, 2020, 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 August 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing 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 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 was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 as items 2020-001 and 2020-002 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

Airport's Responses to Findings

The Airport's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The 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.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

August 31, 2021

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
Dickinson Theodore Roosevelt Regional Airport
Dickinson, North Dakota

Report on Compliance for Each Major Federal Program

We have audited Dickinson Theodore Roosevelt Regional Airport's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Dickinson Theodore Roosevelt Regional Airport's major federal program for the year ended December 31, 2020. The Dickinson Theodore Roosevelt Regional 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 terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dickinson Theodore Roosevelt Regional Airport's compliance.

Opinion on Each 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005. Our opinion on each major federal program is not modified with respect to these matters.

The Airport's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Airport's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Dickinson Theodore Roosevelt Regional Airport is responsible for establishing and maintaining effective internal control over compliance with the types of 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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 the Airport's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-005 to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-004 to be a significant deficiency.

The Airport's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Airport's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

August 31, 2021

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ 13,434,973
CARES Act - Airport Improvement Program	20.106	<u>939,200</u>
 Total Expenditures of Federal Awards		 <u>\$ 14,374,173</u>

See Notes to the Schedule of Expenditures of Federal Awards

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICAANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the modified 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.

NOTE 2 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.

NOTE 3 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, 2020. 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 4 RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Total expenditures of federal awards	\$ 14,374,173
State and local reimbursements	5,104,634
Other receipts	11,034
Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balance	\$ 19,489,841

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>X</u> yes __ no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>X</u> yes __ none reported
Non-compliance material to financial statements noted?	__ yes <u>X</u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>X</u> yes __ no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>X</u> yes __ none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>X</u> yes __ no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	__ yes <u>X</u> no
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DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings

2020-001 – Preparation of Financial Statements and Schedule of Expenditures and Federal Awards – Material Weakness

Criteria

An appropriate system of internal controls requires that the Airport make a determination that financial statements and underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America.

Condition

The Airport's auditors prepared the financial statements, including all note disclosures, as well as the Schedule of Expenditures and Federal Awards as of December 31, 2020.

Cause

The Airport elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatement or omission of material disclosures to the Airport's financial statements.

Recommendation

We recommend the Airport consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the Airport should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

The Authority will establish an internal control policy to document the annual review of the financial statements and to review a financial statement disclosure checklist.

Indication of Repeat Finding

Repeat finding of 2019-003.

2020-002 – Proposition of Journal Entries – Material Weakness

Criteria

An appropriate system of internal controls requires that the Airport make a determination that financial statements and the underlying general ledger accounts are properly stated in compliance with accounting principles generally accepted in the United States of America. This requires the Airport's personnel to maintain a working knowledge of current accounting principles generally accepted in the United States of America and required financial statement disclosures.

Condition

During our audit, adjusting entries to the financial statements were proposed to properly reflect the financial statements in accordance with accounting principles generally accepted in the United States.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Cause

The Airport's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with U.S. GAAP.

Effect

The Airport 's financial statements were misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

The Administrative Officer and/or Airport Manager will review internal records and determine the proper balance in each general ledger account prior to audit fieldwork each year.

Repeat Finding

Repeat finding of 2019-002.

2020-003 – Lack of Segregation of Duties – Significant Deficiency

Criteria

An effective system of internal control depends on an adequate segregation of duties with respect to the execution and recording of transactions, as well as the custody of an entity's assets. Accordingly, an effective system of internal control will be designed such that these functions are performed by different employees, so that no one individual handles a transaction from its inception to its completion.

Condition

The Airport has a lack of segregation duties due to a limited number of employees.

Cause

The limited number of employees at the Airport prevents a proper segregation of accounting functions necessary to ensure effective internal control.

Effect

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Recommendation

While we recognize that your office staff may not be large enough to permit complete segregation of duties 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. It is the responsibility of management and those charged with governance to determine whether to accept the degree of risk associated with the condition because of cost or other considerations.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

Views of Responsible Officials and Planned Corrective Actions

It is not economically feasible to hire multiple staff to segregate duties. All bills will be presented to the Board monthly for approval and all financial reports will be reviewed at each meeting to mitigate the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Repeat Finding

Repeat finding of 2019-001.

Section III – Federal Award Findings and Questioned Costs

2020-004 – Data Collection Form – Material Weakness

Criteria

As a matter of grant compliance, the data collection form and reporting package must be submitted to the Federal Clearinghouse within 30 days after the receipt of the auditor's report or within nine months after the year end of the audit period.

Condition

The 2019 data collection form was filed in November 2020, which is after the nine-month deadline.

Cause

The Airport's data collection form was not submitted timely due to complex accounting issues delaying the completion of the annual audit.

Effect

The Airport's single audit was not completed in a timely manner.

Questioned Costs

None.

Indication of Repeat Finding

This is a new finding.

Recommendation

We recommend the Airport take the necessary procedures to ensure future single audits are completed within the required time periods of the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions

Current and future audits will be submitted to the Federal Clearinghouse within 30 days after the auditor's report or within nine months after the year end of the audit period.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-001 – 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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-002 – Recording of Transactions – Material Weakness

Criteria

A good system of internal accounting control contemplates proper reconcilements 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 statements.

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS- CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-003 – 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.



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In response to Audit Financial Statement Findings for the Dickinson Municipal Airport Authority year ending December 31st, 2020. The following responses of corrective action are listed below:

Corrective Action Plan – December 31, 2020

2020-001:

Contact Person

Kelly Braun, Airport Manager

Corrective Action

The Authority will establish an internal control policy to document the annual review of the financial statements and to review a financial statement disclosure checklist.

Completion Date

Year ending December 31, 2021

2020-002:

Contact Person

Kelly Braun, Airport Manager

Corrective Action

The Administrative Officer and/or Airport Manager will review internal records and determine the proper balance in each general ledger account prior to audit fieldwork each year.

Completion Date

Year ending December 31, 2021

2020-003:

Contact Person

Kelly Braun, Airport Manager

Corrective Action

It is not economically feasible to hire multiple staff to segregate duties. All bills will be presented to the Board monthly for approval and all financial reports will be reviewed at each meeting to mitigate the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Completion Date

Year ending December 31, 2021

2020-004:

Contact Person

Kelly Braun, Airport Manager

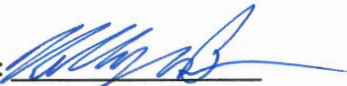
Corrective Action

Current and future audits will be submitted to the Federal Clearinghouse within 30 days after the auditor's report or within nine months after the year end of the audit period.

Completion Date

Year ending December 31, 2021

Signature:



Kelly Braun

Title:

Airport Manager