

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BOARD OF DIRECTORS
DECEMBER 31, 2021

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 Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dickinson Theodore Roosevelt Regional Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dickinson Theodore Roosevelt Regional Airport's ability to continue as a going concern for

twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dickinson Theodore Roosevelt Regional Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dickinson Theodore Roosevelt Regional Airport's ability to continue as a going concern for a reasonable period of time.

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

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.

Supplementary 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 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the board of directors listing but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022 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**

June 7, 2022

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 4,929,036
Cash and cash equivalents- restricted	230,314
Accounts receivable	57,327
Prepaid expenses	9,230
Due from other governments	<u>100,294</u>
Total current assets	<u>5,326,201</u>
Capital assets not depreciated:	
Land	2,252,221
Construction in progress	19,636,422
Capital assets (net of accumulated depreciation):	
Buildings	4,354,454
Equipment	736,600
Improvements	<u>31,807,004</u>
Total capital assets, net	<u>58,786,701</u>
TOTAL ASSETS	<u>64,112,902</u>

LIABILITIES

Current liabilities	
Accounts payable	119,388
Retainage payable	1,375,671
Salaries and benefits payable	<u>37,645</u>
Total current liabilities	<u>1,532,704</u>

NET POSITION

Net investment in capital assets	57,411,030
Restricted for passenger facility charges	230,314
Unrestricted	<u>4,938,854</u>
TOTAL NET POSITION	<u>\$ 62,580,198</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

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	\$ 3,123,441	\$ 662,497	\$ 653,077	\$ 16,710,654
Total governmental activities	<u>\$ 3,123,441</u>	<u>\$ 662,497</u>	<u>\$ 653,077</u>	<u>\$ 16,710,654</u>
<u>General revenues</u>				
Taxes				
Property taxes; levied for general purposes				554,936
Earnings on investments				501
Miscellaneous revenue				<u>107,846</u>
Total general revenues				<u>663,283</u>
Change in net position				<u>15,566,070</u>
Net position - January 1				<u>47,014,128</u>
Net position - December 31				<u>\$ 62,580,198</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Capital Projects	Total Governmental Funds
Assets			
Cash	\$ 3,981,338	\$ 947,698	\$ 4,929,036
Cash and cash equivalents- restricted	230,314	-	230,314
Accounts receivable	57,327	-	57,327
Prepaid expenses	9,230	-	9,230
Due from other governments	-	100,294	100,294
	<u>\$ 4,278,209</u>	<u>\$ 1,047,992</u>	<u>\$ 5,326,201</u>
Total assets			
	<u>\$ 4,278,209</u>	<u>\$ 1,047,992</u>	<u>\$ 5,326,201</u>
Liabilities			
Accounts payable	\$ 33,164	\$ 86,224	\$ 119,388
Retainage payable	-	1,375,671	1,375,671
Salaries and benefits payable	37,645	-	37,645
	<u>70,809</u>	<u>1,461,895</u>	<u>1,532,704</u>
Total liabilities			
	<u>70,809</u>	<u>1,461,895</u>	<u>1,532,704</u>
Fund balances			
Restricted	230,314	-	230,314
Unassigned	3,977,086	(413,903)	3,563,183
	<u>4,207,400</u>	<u>(413,903)</u>	<u>3,793,497</u>
Total Fund Balances			
	<u>4,207,400</u>	<u>(413,903)</u>	<u>3,793,497</u>
Total liabilities and fund balances			
	<u>\$ 4,278,209</u>	<u>\$ 1,047,992</u>	<u>\$ 5,326,201</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSTION
DECEMBER 31, 2021

Total fund balances for governmental funds \$ 3,793,497

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 58,786,701

Total net position of governmental activities \$ 62,580,198

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, 2021

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 554,936	\$ -	\$ 554,936
Intergovernmental revenues	653,077	17,669,145	18,322,222
Charges for services	662,497	-	662,497
Interest income	501	-	501
Miscellaneous revenues	11,294	108,240	119,534
Total revenues	<u>1,882,305</u>	<u>17,777,385</u>	<u>19,659,690</u>
Expenditures			
General government			
Salaries and benefits	555,002	-	555,002
Associations	3,340	-	3,340
Maintenance and repairs	193,591	351,744	545,335
Professional fees	37,960	-	37,960
Utilities	38,767	-	38,767
Insurance	29,420	-	29,420
Telephone and radio	15,886	-	15,886
Advertising	11,359	-	11,359
Travel and meetings	20,694	-	20,694
Office supplies	23,755	-	23,755
Fuel, oil and grease	39,528	-	39,528
Equipment rental	6,398	-	6,398
Postage and printing	824	-	824
Miscellaneous	12,678	-	12,678
Debt service			
Principal	-	15,000	15,000
Capital outlay	104,575	17,232,518	17,337,093
Total expenditures	<u>1,093,777</u>	<u>17,599,262</u>	<u>18,693,039</u>
Excess of revenue over expenditures	<u>788,528</u>	<u>178,123</u>	<u>966,651</u>
Net change in fund balances	788,528	178,123	966,651
Fund balance - beginning of year	3,418,872	(592,026)	2,826,846
Fund balance - end of year	<u>\$ 4,207,400</u>	<u>\$ (413,903)</u>	<u>\$ 3,793,497</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, 2021

Net change in fund balance - total governmental funds \$ 966,651

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	17,337,093
Depreciation expense	(1,782,495)
Loss on sale of assets	(11,687)

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. 15,000

Change in net position \$ 15,566,070

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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.

Due From Other Governments

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

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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, 2021, 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.

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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.

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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 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 December 31, 2021, the Airport's carrying amount of deposits was \$5,159,350 and the bank balance was \$5,174,260. Of the bank balances, \$250,000 was covered by Federal Depository Insurance for 2021. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the Airport's name.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

Credit Risk

The Airport may invest idle funds as authorized in North Dakota Statues, 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 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	1/1/2021	Additions	Deletions	Transfers	12/31/2021
Capital assets not being depreciated					
Land	\$ 2,252,221	\$ -	\$ -	\$ -	\$ 2,252,221
Construction in progress	27,805,444	17,217,299	-	(25,386,320)	19,636,423
Total capital assets not being depreciated	<u>30,057,665</u>	<u>17,217,299</u>	<u>-</u>	<u>(25,386,320)</u>	<u>21,888,644</u>
Capital assets being depreciated:					
Buildings	6,957,369	104,575	(16,308)	-	7,045,636
Equipment	1,658,592	-	-	-	1,658,592
Improvements	14,206,997	15,219	-	25,386,320	39,608,536
Total capital assets being depreciated	<u>22,822,958</u>	<u>119,794</u>	<u>(16,308)</u>	<u>25,386,320</u>	<u>48,312,764</u>
Less accumulated depreciation:					
Buildings	2,436,630	259,173	(4,621)	-	2,691,182
Equipment	815,133	106,859	-	-	921,992
Improvements	6,385,070	1,416,463	-	-	7,801,533
Total accumulated depreciation	<u>9,636,833</u>	<u>1,782,495</u>	<u>(4,621)</u>	<u>-</u>	<u>11,414,707</u>
Total capital assets being depreciated, net	<u>13,186,125</u>	<u>(1,662,701)</u>	<u>(11,687)</u>	<u>25,386,320</u>	<u>36,898,057</u>
Net capital assets	<u>\$ 43,243,790</u>	<u>\$ 15,554,598</u>	<u>\$ (11,687)</u>	<u>\$ -</u>	<u>\$ 58,786,701</u>

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

NOTE 4 LONG-TERM DEBT

Changes in long-term debt during the year ended December 31, 2021 were as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Loans Payable	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

NOTE 5 DEFICIT FUND EQUITY

The capital projects fund had a deficit fund balance of \$413,903 at December 31, 2021.

NOTE 6 LEASES

The Airport entered into an operating lease agreement during the year ended December 31, 2021 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:

<u>Years ending December 31,</u>	<u>Amount</u>
2022	\$ 3,467
2023	3,467
2024	3,467
2025	3,467
2026	3,467
Thereafter	<u>41,994</u>
	<u>\$ 59,329</u>

NOTE 7 CONCENTRATIONS

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

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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

NOTE 9 RETIRMENT 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, 2021 was \$21,908, 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, 2021, 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.

NOTE 11 COMMITMENTS

The Airport has entered into Projects 43, 44, SIIF1, SIIF4, SIIF5, G180092 and G190006 for different on-going engineering and planning projects. The amount still to be completed and paid on these contracts at December 31, 2021 was approximately \$18,360,000.

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. 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,

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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.

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

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 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.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2021

NOTE 13 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Airport's year end. Subsequent events have been evaluated through June 7, 2022, 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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 559,416	\$ 554,936	\$ (4,480)
Intergovernmental revenues	-	653,077	653,077
Charges for service	511,921	662,497	150,576
Interest income	220	501	281
Miscellaneous	1,900	11,294	9,394
Total Revenues	<u>1,073,457</u>	<u>1,882,305</u>	<u>808,848</u>
Expenses			
Salaries and benefits	573,137	555,002	18,135
Associations	1,000	3,340	(2,340)
Maintenance and repairs	138,450	193,591	(55,141)
Professional fees	49,000	37,960	11,040
Utilities	65,200	38,767	26,433
Insurance	25,600	29,420	(3,820)
Telephone and internet	14,550	15,886	(1,336)
Advertising	10,000	11,359	(1,359)
Travel and meetings	15,000	20,694	(5,694)
Office supplies	14,500	23,755	(9,255)
Fuel, oil and grease	45,500	39,528	5,972
Equipment rental	5,000	6,398	(1,398)
Postage and printing	2,200	824	1,376
Capital projects	50,000	104,575	(54,575)
Other	17,000	12,678	4,322
Total Expenses	<u>1,026,137</u>	<u>1,093,777</u>	<u>(67,640)</u>
Excess of Revenue over Expenses	<u>47,320</u>	<u>788,528</u>	<u>741,208</u>
Net Change in Fund Balance	<u>\$ 47,320</u>	788,528	<u>\$ 741,208</u>
Fund Balance- beginning of year		<u>3,418,872</u>	
Fund Balance- end of year		<u>\$ 4,207,400</u>	

See Note to the Required Supplementary Information

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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.

NOTE 2 EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded budget in the general fund by \$67,640.

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, 2021, 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 June 7, 2022.

Report on 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 2021-001 and 2021-002 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 2021-003 to be a significant deficiency.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the Dickinson Theodore Roosevelt Regional Airport's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Dickinson Theodore Roosevelt Regional Airport's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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**

June 7, 2022

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

Opinion on 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, 2021. 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.

In our opinion, Dickinson Theodore Roosevelt Regional Airport's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

June 7, 2022

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Federal AL Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ 15,765,416
CARES Act - Airport Improvement Program	20.106	<u>643,137</u>
 Total Expenditures of Federal Awards		 <u>\$ 16,408,553</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, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedule of expenditures of federal awards (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 Schedule includes the federal award activity of Dickinson Theodore Roosevelt Regional Airport under programs of the federal government for the year ended December 31, 2021. 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	\$ 16,408,553
State and local reimbursements	1,903,728
Other receipts	9,941
Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balance	<u>\$ 18,322,222</u>

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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?	<input checked="" type="checkbox"/> yes __ no
Significant deficiency(ies) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes __ none reported
Non-compliance material to financial statements noted?	__ yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	__ yes <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified not considered to be material weaknesses?	__ yes <input checked="" type="checkbox"/> 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)?	__ yes <input checked="" type="checkbox"/> no
--	---

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 <input checked="" type="checkbox"/> no
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DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings

2021-001 – Preparation of Financial Statements and Schedule of Expenditures and Federal Awards – Material Weakness

Criteria

An appropriate system of internal controls requires that the Airport prepare the financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the organization currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The organization has elected to have the auditors assist in the preparation of the financial statements, Schedule of Expenditures of Federal Awards and notes.

Cause

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

Effect

There is an increased risk of material misstatement to the organization's financial statements.

Recommendation

We recommend the organization 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 organization 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 2021-001.

2021-002 – Proposition of Journal Entries – Material Weakness

Criteria

The organization is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Cause

The organization'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 GAAP.

Effect

The organization's financial statements were materially 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 2020-002.

2021-003 – Lack of Segregation of Duties – Significant Deficiency

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause

The organization is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the organization review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

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 2020-003.

Section III – Federal Award Findings and Questioned Costs

There are no findings required to be reported.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 prepare the financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the organization currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The organization has elected to have the auditors assist in the preparation of the financial statements, Schedule of Expenditures of Federal Awards and notes.

Cause

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

Effect

There is an increased risk of material misstatement to the organization's financial statements.

Recommendation

We recommend the organization 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 organization 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.

Status

Finding is repeated, see finding 2021-001.

2020-002 – Proposition of Journal Entries – Material Weakness

Criteria

The organization is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

Cause

The organization'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 GAAP.

Effect

The organization's financial statements were materially 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.

Status

Finding is repeated, see finding 2021-002.

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

Criteria

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause

The organization is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Recommendation

We recommend the organization review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

Status

Finding is repeated, see finding 2021-003.

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.

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.

Status

Finding was corrected.



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In response to Audit Financial Statement Findings for the Dickinson Municipal Airport Authority year ending December 31st, 2021. The following responses of corrective action are listed below:

Corrective Action Plan – December 31, 2021

2021-001 - Preparation of Financial Statements and Schedule of Expenditures and Federal Awards

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, 2022

2021-002 - Proposition of Journal Entries

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, 2022

2021-003 – Lack of Segregation of Duties

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, 2022

Signature: 
Kelly Braun

Title: Airport Manager