DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT DICKINSON, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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BOARD OF DIRECTORS DECEMBER 31, 2022

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

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dickinson Theodore Roosevelt Regional Airport ("Airport") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Dickinson Theodore Roosevelt Regional 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 the Airport as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Emphasis of Matter

As described in Note 1 to the financial statements, Dickinson Theodore Roosevelt Regional Airport adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

As described in Note 12 to the financial statements, Dickinson Theodore Roosevelt Regional Airport restated the beginning fund balance and net position for the correction of an error. Our opinion is not modified in respect to this matter.

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 the 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 the 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 management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise Dickinson Theodore Roosevelt Regional Airport's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the schedule of passenger facility charges and related expenditures, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and schedule of passenger facility charges and related expenditures are 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 opinion on the basic financial statements does

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 August 9, 2023, on our consideration of Dickinson Theodore Roosevelt Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Dickinson Theodore Roosevelt Regional Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dickinson Theodore Roosevelt Regional Airport's internal control over financial reporting and compliance.

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

August 9, 2023

Forady Martz

STATEMENT OF NET POSITION DECEMBER 31, 2022

ASSETS

AGGETG	
Current assets	
Cash and cash equivalents	\$ 5,231,076
Cash and cash equivalents- restricted	324,633
Accounts receivable	82,124
Grants receivable	24,070
Lease interest receivable	1,399
Lease receivable	156,601
Prepaid expenses	9,085
Due from other governments	610,608
Total current assets	6,439,596
Noncurrent assets	
Lease receivable	525,206
Capital assets not depreciated:	
Land	2,252,221
Construction in progress	34,552,507
Capital assets (net of accumulated depreciation):	
Buildings	4,097,061
Equipment	636,543
Improvements	32,044,959
Total capital assets, net	73,583,291
TOTAL ASSETS	80,548,093
LIABILITIES	
Current liabilities	
Accounts payable	176,370
Retainage payable	1,099,662
Salaries and benefits payable	48,999
Total current liabilities	1,325,031
DEFERRED INFLOWS OF RESOURCES	
Leases	678,020
Unavailable revenue	388,888
Total deferred inflows of resources	
Total deferred lilliows of resources	1,066,908
NET POSITION	
Net investment in capital assets	72,483,629
Restricted for passenger facility charges	324,633
Unrestricted	5,347,892
TOTAL NET POSITION	\$ 78,156,154

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

			Program Revenue	es	Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Transportation	\$ 3,644,961	\$ 688,669	\$ 938,429	\$ 17,264,144	\$ 15,246,281
Total governmental activities	\$ 3,644,961	\$ 688,669	\$ 938,429	\$ 17,264,144	15,246,281
	General revenues Taxes				
	Property taxes; levied Earnings on investments Interest on leases Miscellaneous revenue		oses		584,737 583 10,221 27,157
	Total general revenue	s			622,698
	Change in net position				15,868,979
	Net position - January 1				62,580,198
	Prior period adjustments	s - see note 12			(293,023)
	Net position - January 1	, restated			62,287,175
	Net position - December	r 31			\$ 78,156,154

BALANCE SHEET - GOVERNMENTAL FUNDS DECEMBER 31, 2022

		General	Capital Projects	Go	Total overnmental Funds
Current assets Cash Cash and cash equivalents- restricted Accounts receivable Grants receivable Lease interest receivable Lease receivable Prepaid expenses Due from other governments	\$	4,602,468 324,633 82,124 - 1,399 156,601 9,085	\$ 628,608 - - 24,070 - - - 221,720	\$	5,231,076 324,633 82,124 24,070 1,399 156,601 9,085 221,720
Total current assets		5,176,310	874,398		6,050,708
Noncurrent assets Lease receivable Total assets		525,206 5,701,516	 <u>-</u> 874,398	\$	525,206 6,575,914
Liabilities Accounts payable Retainage payable Salaries and benefits payable	\$	32,499 - 48,999	\$ 143,871 1,099,662	\$	176,370 1,099,662 48,999
Total liabilities		81,498	 1,243,533		1,325,031
Deferred inflows of resources Leases		678,020	<u>-</u>		678,020
Fund balances Restricted for passenger facility charges Unassigned		324,633 4,617,365	- (369,135)		324,633 4,248,230
Total Fund Balances		4,941,998	(369,135)		4,572,863
Total liabilities, deferred inflows of resources and fund balances	<u>\$</u>	5,701,516	\$ 874,398	\$	6,575,914

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSTION DECEMBER 31, 2022

Total fund balances for governmental funds	\$ 4,572,863
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	73,583,291
Total net position of governmental activities	\$ 78,156,154

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2022

	General	<u>Ca</u>	pital Projects	Total Governmental Funds
Revenues				
Taxes	\$ 584,737	\$	-	\$ 584,737
Intergovernmental revenues	938,429		17,264,144	18,202,573
Charges for services	688,669		-	688,669
Interest income	10,804		- 	10,804
Miscellaneous revenues	 22,699		4,459	27,158
Total revenues	2,245,338		17,268,603	19,513,941
Expenditures				
General government				
Salaries and benefits	739,483		-	739,483
Associations	5,041		-	5,041
Maintenance and repairs	357,606		21,265	378,871
Professional fees	54,834		-	54,834
Utilities	39,776		-	39,776
Insurance	31,110		-	31,110
Telephone and radio	12,307		-	12,307
Advertising	7,467		-	7,467
Travel and meetings	15,610		-	15,610
Office supplies	27,670		-	27,670
Fuel, oil and grease	62,498		-	62,498
Equipment rental	6,023		-	6,023
Postage and printing	1,058		-	1,058
Miscellaneous	14,242		-	14,242
Capital outlay	136,015		17,202,570	17,338,585
Total expenditures	1,510,740		17,223,835	18,734,575
Excess of revenue over expenditures	734,598		44,768	779,366
Net change in fund balances	734,598		44,768	779,366
Fund balance - beginning of year	 4,207,400		(413,903)	3,793,497
Fund balance - end of year	\$ 4,941,998	\$	(369,135)	\$ 4,572,863

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - total governmental funds

\$ 779,366

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
 17,338,585

 Depreciation expense
 (2,248,972)

Change in net position \$ 15,868,979

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

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 five 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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

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

Leases

The Airport is a lessor for the leases of buildings and land. The Airport recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

Key estimates and judgments include how the Airport determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Airport uses its estimated incremental borrowing rate as the discount rate for leases.
 The Airport has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Airport monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Accounts Payable

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2022, 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

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.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Airport has one item which qualifies for reporting in this category. The item is deferred inflows associated with the lease receivable, see note 5 for further details.

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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

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.

Changes in Accounting Principles

The Airport implemented GASB Statement No. 87, *Leases* in the fiscal year ended December 31, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principal that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a lease receivable and deferred inflow of resources of \$809,417 as of January 1, 2022. Results for periods prior to January 1, 2022 continue to be reported in accordance with the Airport's historical accounting treatment. See note 5 for expanded disclosures regarding the Airport's leases.

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, 2022, the Airport's carrying amount of deposits was \$5,555,709 and the bank balance was \$5,554,305. Of the bank balances, \$250,000 was covered by Federal Depository Insurance for 2022. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the Airport's name.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

Credit Risk

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

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

Concentration of Credit Risk

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

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	1/1/2022	Additions	Deletions	Transfers	12/31/2022
Capital assets not being depreciated Land	\$ 2,252,221	\$ -	\$ -	\$ -	\$ 2,252,221
Construction in progress	17,213,923	17,338,584	-	-	34,552,507
Total capital assets not being depreciated	19,466,144	17,338,584			36,804,728
Capital assets being depreciated:					
Buildings	7,045,636	-	-	-	7,045,636
Equipment	1,658,592	-	(23,032)	-	1,635,560
Improvements	41,855,897				41,855,897
Total capital assets being depreciated	50,560,125		(23,032)		50,537,093
Less accumulated depreciation:					
Buildings	2,691,182	257,393	-	-	2,948,575
Equipment	921,992	100,057	(23,032)	-	999,017
Improvements	7,919,417	1,891,521	-	-	9,810,938
Total accumulated depreciation	11,532,591	2,248,971	(23,032)		13,758,530
Total capital assets being depreciated, net	39,027,534	(2,248,971)			36,778,563
Net capital assets	\$ 58,493,678	\$ 15,089,613	\$ -	\$ -	\$ 73,583,291

Depreciation expense charged to the transportation function for the year was \$2,248,971.

NOTE 4 DEFICIT FUND EQUITY

The capital projects fund had a deficit fund balance of \$369,135 at December 31, 2022.

NOTE 5 LEASES

The Airport leases tracts of land and portions of the building for aviation business purposes. The terms of the leases range from 21 to 204 months beginning between January 1, 2022 through July 5, 2038. Payments range from \$1,200 to \$7,836 per month.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

Following is the total lease-related revenue for the year ended December 31, 2022:

Lease Revenue	
Land	\$ 29,395
Building	132,889
Total Lease Revenue	162,284
Interest Revenue	 10,221
Total	\$ 172,505

Following is the schedule by years of future minimum rental receipts required under the lease:

Year Ending					
December 31,	 Principal	li	nterest	Tota	al Receipts
2023	\$ 156,601	\$	8,801	\$	165,402
2024	145,175		6,754		151,929
2025	147,211		4,718		151,929
2026	149,279		2,650		151,929
2027	32,396		1,222		33,618
2028-2032	29,589		3,127		32,716
2033-3037	17,788		1,427		19,215
3038-2042	3,768		74_		3,842
Total	\$ 681,807	\$	28,773	\$	710,580

NOTE 6 CONCENTRATIONS

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

NOTE 7 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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

NOTE 8 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, 2022 was \$24,866, equal to the required contributions for the year.

NOTE 9 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, 2022, 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 10 COMMITMENTS

The Airport has entered into Projects 41, 43, 44, 49, SIIF1, SIIF4, SIIF5, and a paid parking system project for different on-going engineering and planning projects. The amount still to be completed and paid on these contracts at December 31, 2022 was approximately \$2,717,000.

NOTE 11 NEW PRONOUNCEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

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. 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

- 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.

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, Compensated Absences, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not

NOTES TO THE FINANCIAL STATEMENTS- CONTINUED DECEMBER 31, 2022

been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 12 PRIOR PERIOD ADJUSTMENT

The Airport recorded a prior period adjustment to the December 31, 2022 financial statement for the following:

- An adjustment was made in capital assets for construction in progress that was overstated. This decreased net capital assets and decreased government-wide net position by \$175,139 for the year ended December 31, 2022 financial statements.
- An adjustment was made in capital assets for improvements that were not being depreciated due to being recorded as construction in progress. This decreased net capital assets and decreased government-wide net position by \$117,884 for the year ended December 31, 2022 financial statements.

NOTE 13 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Airport's year end. Subsequent events have been evaluated through August 9, 2023, which is the date these financial statements were available to be issued.



BUDGETARY COMPARISON SCHEDULE- GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues Taxes Intergovernmental revenues	\$ 562,692	\$ 584,737 938,429	\$ 22,045 938,429
Charges for service	712,999	688,669	(24,330)
Interest income	220	10,804	10,584
Miscellaneous	1,900	22,699	20,799
Total Revenues	1,277,811	2,245,338	967,527
Expenses			
Salaries and benefits	749,859	739,483	10,376
Associations	1,000	5,041	(4,041)
Maintenance and repairs	137,450	357,606	(220,156)
Professional fees	49,000	54,834	(5,834)
Utilities	58,500	39,776	18,724
Insurance	27,300	31,110	(3,810)
Telephone and internet	14,950	12,307	2,643
Advertising	10,000	7,467	2,533
Travel and meetings	20,000	15,610	4,390
Office supplies	21,500	27,670	(6,170)
Fuel, oil and grease	45,500	62,498	(16,998)
Equipment rental	2,500	6,023	(3,523)
Postage and printing	2,200	1,058	1,142
Capital projects	20,000	136,015	(116,015)
Other	18,500	14,242	4,258
Total Expenses	1,178,259	1,510,740	(332,481)
Excess of Revenue			
over Expenses	99,552	734,598	635,046
Net Change in Fund Balance	\$ 99,552	734,598	\$ 635,046
Fund Balance- beginning of year	r	4,207,400	
Fund Balance- end of year		\$ 4,941,998	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2022

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 \$332,481.



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, 2022, 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 9, 2023.

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 2022-001 and 2022-002 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 2022-003 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 responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 9, 2023

Forady Martz



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, 2022. 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 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, 2022.

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

August 9, 2023

Forady Martz

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Federal AL Number	Ex	Federal penditures
U.S. DEPARTMENT OF TRANSPORTATION:			_
Federal Aviation Administration			
Airport Improvement Program	20.106	\$	8,162,142
CARES Act - Airport Improvement Program	20.106		938,429
Total Expenditures of Federal Awards		\$	9,100,571

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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	\$ 9,100,571
State and local reimbursments	9,490,890
Less: revenues recognized on government-wide financial statements only	(388,888)
Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balance	\$ 18,202,573

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

20.106

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee?

Financial Statements Type of auditor's report issued: Unmodified Internal control over financial reporting: Material weakness(es) identified? X yes no Significant deficiency(ies) identified not considered to be material weaknesses? X yes none reported Non-compliance material to financial statements noted? X no __ yes Federal Awards Internal control over major programs: Material weakness(es) identified? X no __ yes Significant deficiency(ies) identified not considered to be material weaknesses? _ yes X 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)? X no __ yes Identification of major programs: AL Number(s) Name of Federal Program or Cluster

Airport Improvement Program

\$750,000

X no

__ yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2022

Section II – Financial Statement Findings

2022-001 – Preparation of Financial Statements and Schedule of Expenditures of 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 Airport's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the Airport currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The Airport 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 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 Airport 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.

2022-002 - Proposition of Journal Entries - Material Weakness

Criteria

The Airport 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2022

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 GAAP.

Effect

The Airport'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 2021-002.

2022-003 - 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 keeping and reconciliation.

Cause

The Airport 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 Airport 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2022

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 2021-003.

Section III – Federal Award Findings and Questioned Costs

There are no findings required to be reported.

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

2021-001 – Preparation of Financial Statements and Schedule of Expenditures of 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 Airport 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 2022-001.

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.

SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022-002.

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.

SCHEDULE OF PRIOR YEAR FINDINGS - CONTINUED FOR THE YEAR ENDED DECEMBER 31, 2022

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.

<u>Status</u>

Finding is repeated, see finding 2022-003.



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In response to Audit Financial Statement Findings for the Dickinson Municipal Airport Authority year ending December 31st, 2022. The following responses of corrective action are listed below:

Corrective Action Plan - December 31, 2022

2022-001 - 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, 2023

2022-002 - 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, 2023

2022-003 - 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.

<u>Completion Date</u> Year ending December 31, 2023

Signature: _____

Kelly Braun

Title:

Airport Manager



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO PASSENGER FACILITY CHARGES PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF PASSENGER FACILITY CHARGES

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

Report on Compliance for Passenger Facility Charges Program

Opinion on Passenger Facility Charges Program

We have audited the compliance of Dickinson Theodore Roosevelt Regional Airport (Airport), with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) that could have direct and material effect on the Airport's Passenger Facility Charge Program for the year ended December 31, 2022.

In our opinion, the Dickinson Theodore Roosevelt Regional Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect to the passenger facility charge program for the year ended December 31, 2022.

Basis for Opinion on Passenger Facilities Charges 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 Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Passenger Facility Charge Program. Our audit does not provide a legal determination of the 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 Passenger Facility Charges Program.

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 Guide 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 the passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, 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 Guide, 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 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 Guide. Accordingly, this report is not suitable for any other purpose.

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

August 9, 2023

Horady Martz

SCHEDULE OF PASSENGER FACILITY CHARGES AND RELATED EXPENDITURES FOR THE YEAR ENDED AND EACH QUARTER FROM JANUARY 1, 2022 THROUGH DECEMBER 31, 2022

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Balance, January 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Passenger facility charges Interest earnings Disbursements	20,832 - (20,832)	22,786 - (22,786)	24,282 - (24,282)	26,393 - (26,393)	94,293 - (94,293)
Balance, December 31, 2022	<u> </u>	<u>\$ -</u>	<u>\$ -</u>	\$ -	\$ -

Passenger Facility Charges are presented above on the cash basis. Below is a reconciliation to the Statement of Revenues, Expenses and Changes in Net Position, which presents the Passenger Facility Charges on an accrual basis.

Cash basis (above)	\$ 94,293
Accounts receivable prior year	(14, 162)
Accounts receivable current year	13,543
Accrual basis	\$ 93,674

SCHEDULE OF FINDINGS AND QUESTIONED COSTS PASSENGER FACILITY CHARGE PROGRAM FOR THE YEAR ENDED DECEMBER 31, 2022

- I. Summary of Auditor's Results
 - i. An unmodified report was issued on the December 31, 2022 financial statements of the Dickinson Theodore Roosevelt Regional Airport (the "Airport").
 - ii. No non-compliance, which is material to the financial statements, was disclosed by the audit.
 - iii. An unmodified opinion was issued on compliance for the passenger facility charge program.
- II. There were 3 findings related to the financial statements, which are required to be reported in accordance with generally accepted Government Auditing Standards shown as 2022-001 to 2022-003 starting on page 34.
- III. There were no findings related to the *Passenger Facility Charge Audit Guide for Public Agencies*, which are required to be reported.