

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BOARD OF DIRECTORS
DECEMBER 31, 2023

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 the Dickinson Theodore Roosevelt Regional Airport ("Airport") as of and for the year ended December 31, 2023, 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, 2023, 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.

Emphasis of Matter

As described in Note 11 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 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 August 6, 2024, 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 6, 2024

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 6,322,328
Cash and cash equivalents- restricted	368,733
Accounts receivable	122,681
Lease interest receivable	2,637
Lease receivable	44,297
Prepaid expenses	6,893
Due from other governments	897,863
	<hr/>
Total current assets	7,765,432
	<hr/>
Noncurrent assets	
Lease receivable	267,410
	<hr/>
Capital assets not depreciated:	
Land	2,252,221
Construction in progress	3,704,933
Capital assets (net of accumulated depreciation):	
Buildings	3,940,805
Equipment	1,502,428
Improvements	63,219,418
	<hr/>
Total capital assets, net	74,619,805
	<hr/>
TOTAL ASSETS	82,652,647
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LIABILITIES

Current liabilities	
Accounts payable	1,069,473
Retainage payable	93,494
Salaries and benefits payable	46,262
Unearned revenue	556,470
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Total current liabilities	1,765,699
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DEFERRED INFLOWS OF RESOURCES

Leases	308,531
	<hr/>
Total deferred inflows of resources	308,531
	<hr/>

NET POSITION

Net investment in capital assets	73,969,841
Restricted for passenger facility charges	368,733
Unrestricted	6,239,843
	<hr/>
TOTAL NET POSITION	\$ 80,578,417
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See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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	\$ 4,983,018	\$ 792,809	\$ 1,498,330	\$ 2,987,975	\$ 296,096
Total governmental activities	<u>\$ 4,983,018</u>	<u>\$ 792,809</u>	<u>\$ 1,498,330</u>	<u>\$ 2,987,975</u>	296,096
<u>General revenues</u>					
Taxes					
Property taxes; levied for general purposes					592,504
Earnings on investments					604
Interest on leases					4,903
Miscellaneous revenue					<u>18,630</u>
Total general revenues					<u>616,641</u>
Change in net position					<u>912,737</u>
Net position - January 1, as originally stated					78,156,154
Prior period adjustments - see note 11					<u>1,509,526</u>
Net position - January 1, restated					<u>79,665,680</u>
Net position - December 31					<u>\$ 80,578,417</u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Capital Projects	Total Governmental Funds
Current assets			
Cash	\$ 5,943,623	\$ 378,705	\$ 6,322,328
Cash and cash equivalents- restricted	368,733	-	368,733
Accounts receivable	122,681	-	122,681
Lease interest receivable	2,637	-	2,637
Lease receivable	44,297	-	44,297
Prepaid items	6,893	-	6,893
Due from other governments	105,695	792,168	897,863
Total current assets	<u>6,594,559</u>	<u>1,170,873</u>	<u>7,765,432</u>
Noncurrent assets			
Lease receivable	<u>267,410</u>	<u>-</u>	<u>267,410</u>
Total assets	<u><u>\$ 6,861,969</u></u>	<u><u>\$ 1,170,873</u></u>	<u><u>\$ 8,032,842</u></u>
Liabilities			
Accounts payable	\$ 58,807	\$ 1,010,666	\$ 1,069,473
Retainage payable	-	93,494	93,494
Salaries and benefits payable	46,262	-	46,262
Unearned revenue	<u>-</u>	<u>556,470</u>	<u>556,470</u>
Total liabilities	<u>105,069</u>	<u>1,660,630</u>	<u>1,765,699</u>
Deferred inflows of resources			
Leases	<u>308,531</u>	<u>-</u>	<u>308,531</u>
Fund balances			
Nonspendable	6,893	-	6,893
Restricted	368,733	-	368,733
Unassigned	<u>6,072,743</u>	<u>(489,757)</u>	<u>5,582,986</u>
Total Fund Balances	<u>6,448,369</u>	<u>(489,757)</u>	<u>5,958,612</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 6,861,969</u></u>	<u><u>\$ 1,170,873</u></u>	<u><u>\$ 8,032,842</u></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, 2023

Total fund balances for governmental funds	\$ 5,958,612
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	<u>74,619,805</u>
Total net position of governmental activities	<u><u>\$ 80,578,417</u></u>

See Notes to the Financial Statements

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 592,504	\$ -	\$ 592,504
Intergovernmental revenues	1,498,330	3,684,291	5,182,621
Charges for services	792,809	-	792,809
Interest income	5,507	-	5,507
Miscellaneous revenues	18,628	-	18,628
Total revenues	<u>2,907,778</u>	<u>3,684,291</u>	<u>6,592,069</u>
Expenditures			
General government			
Salaries and benefits	782,608	-	782,608
Associations	2,246	-	2,246
Maintenance and repairs	131,722	-	131,722
Professional fees	36,730	-	36,730
Utilities	36,949	-	36,949
Insurance	36,352	-	36,352
Telephone and radio	13,202	-	13,202
Advertising	10,738	-	10,738
Travel and meetings	18,546	-	18,546
Office supplies	24,943	-	24,943
Fuel, oil and grease	60,165	-	60,165
Equipment rental	6,880	-	6,880
Postage and printing	1,178	-	1,178
Miscellaneous	13,657	-	13,657
Capital outlay	<u>1,038,701</u>	<u>3,804,913</u>	<u>4,843,614</u>
Total expenditures	<u>2,214,617</u>	<u>3,804,913</u>	<u>6,019,530</u>
Excess (deficiency) of revenue over expenditures	<u>693,161</u>	<u>(120,622)</u>	<u>572,539</u>
Net change in fund balances	693,161	(120,622)	572,539
Fund balance - beginning of year, as originally stated	4,941,998	(369,135)	4,572,863
Prior period adjustment (see Note 11)	813,210	-	813,210
Fund balance - beginning of year, restated	<u>5,755,208</u>	<u>(369,135)</u>	<u>5,386,073</u>
Fund balance - end of year	<u>\$ 6,448,369</u>	<u>\$ (489,757)</u>	<u>\$ 5,958,612</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, 2023

Net change in fund balance - total governmental funds	\$ 572,539
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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	4,843,614
Depreciation expense	(3,807,100)

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

(696,316)

Change in net position

\$ 912,737

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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, 2023, 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.

Unearned Revenue

Unearned revenue consists of unexpended grant amounts.

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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.

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 4 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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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, 2023, the Airport's carrying amount of deposits was \$6,691,061 and the bank balance was \$6,630,880. Of the bank balances, \$250,000 was covered by Federal Depository Insurance for 2023. The remaining balance was collateralized with securities held by the pledging financial institution's agent in the Airport's name.

Credit Risk

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

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

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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, 2023:

	1/1/2023	Additions	Deletions	Transfers	12/31/2023
Capital assets not being depreciated					
Land	\$ 2,252,221	\$ -	\$ -	\$ -	\$ 2,252,221
Construction in progress	34,552,507	3,755,733	-	(34,603,307)	3,704,933
Total capital assets not being depreciated	36,804,728	3,755,733	-	(34,603,307)	5,957,154
Capital assets being depreciated:					
Buildings	7,045,636	102,275	-	-	7,147,911
Equipment	1,635,560	985,607	(20,533)	-	2,600,634
Improvements	41,855,897	-	-	34,603,307	76,459,204
Total capital assets being depreciated	50,537,093	1,087,882	(20,533)	34,603,307	86,207,749
Less accumulated depreciation or amortization					
Buildings	2,948,575	258,531	-	-	3,207,106
Equipment	999,017	119,721	(20,533)	-	1,098,205
Improvements	9,810,938	3,428,849	-	-	13,239,787
Total accumulated depreciation or amortization	13,758,530	3,807,101	(20,533)	-	17,545,098
Total capital assets being depreciated, net	36,778,563	(2,719,219)	-	34,603,307	68,662,651
Net capital assets	\$ 73,583,291	\$ 1,036,514	\$ -	\$ -	\$ 74,619,805

Depreciation expense charged to the transportation function for the year was \$3,811,644.

NOTE 4 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 December of 2038. Payments range from \$555 to \$7,836 per month.

Following is the total lease-related revenue for the year ended December 31, 2023:

Lease Revenue	
Land	\$ 25,791
Building	24,808
Total Lease Revenue	50,599
Interest Revenue	4,903
Total	\$ 55,502

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

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

Year Ending December 31,	Principal	Interest	Total Receipts
2024	\$ 44,297	\$ 8,403	\$ 52,700
2025	45,319	7,381	52,700
2026	46,372	6,329	52,701
2027	44,571	5,244	49,815
2028	32,111	4,203	36,314
2029 - 2033	80,901	9,470	90,371
2034 - 2038	18,136	1,079	19,215
Total	<u>\$ 311,707</u>	<u>\$ 42,109</u>	<u>\$ 353,816</u>

NOTE 5 CONCENTRATIONS

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

NOTE 6 RISK MANAGEMENT

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

Dickinson 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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

NOTE 7 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, 2023 was \$30,000, equal to the required contributions for the year.

NOTE 8 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, 2023, 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 9 COMMITMENTS

The Airport has entered into Projects BIL50, 20233 Payment Rehab, 2023-8 NAVAID Runway, AIP51 for different on-going engineering and planning projects. The amount still to be completed and paid on these contracts at December 31, 2023 was approximately \$4,129,667.

NOTE 10 NEW PRONOUNCEMENTS

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE FINANCIAL STATEMENTS- CONTINUED
DECEMBER 31, 2023

understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

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

NOTE 11 PRIOR PERIOD ADJUSTMENT

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

- An adjustment was made to increase due from other governments for federal reimbursements received in 2023 that were not recorded as receivables in 2022. Since the amounts were not received within 60 days of year end, this resulted in an increase of due from other governments and deferred inflows of resources on the December 31, 2022 balance sheet of \$696,316. On the statement of net position, this resulted in an increase in government-wide net position and decrease in deferred inflows by \$696,316 for the year ended December 31, 2022 financial statements.
- An adjustment was made to decrease retainage payable on the December 31, 2022 financial statements for an asset that was already placed in service. This resulted in an increase in fund balance and reduction of retainage payable of \$813,210.

NOTE 12 DEFICIT FUND EQUITY

The capital projects fund had a deficit fund balance of \$489,757 at December 31, 2023.

NOTE 13 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Airport's year end. Subsequent events have been evaluated through August 6, 2024, 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, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 601,227	\$ 592,504	\$ (8,723)
Intergovernmental revenues	-	1,498,330	1,498,330
Charges for service	704,899	792,809	87,910
Interest income	220	5,507	5,287
Miscellaneous	10,000	18,628	8,628
Total Revenues	<u>1,316,346</u>	<u>2,907,778</u>	<u>1,591,432</u>
Expenses			
Salaries and benefits	886,396	782,608	103,788
Associations	4,000	2,246	1,754
Maintenance and repairs	102,550	131,722	(29,172)
Professional fees	52,000	36,730	15,270
Utilities	55,900	36,949	18,951
Insurance	29,540	36,352	(6,812)
Telephone and internet	13,950	13,202	748
Advertising	10,000	10,738	(738)
Travel and meetings	21,500	18,546	2,954
Office supplies	25,000	24,943	57
Fuel, oil and grease	43,000	60,165	(17,165)
Equipment rental	6,000	6,880	(880)
Postage and printing	2,300	1,178	1,122
Capital projects	40,000	1,038,701	(998,701)
Other	15,000	13,657	1,343
Total Expenses	<u>1,307,136</u>	<u>2,214,617</u>	<u>(907,481)</u>
Excess of Revenue over Expenses	<u>9,210</u>	<u>693,161</u>	<u>683,951</u>
Net Change in Fund Balance	<u>\$ 9,210</u>	693,161	<u>\$ 683,951</u>
Fund Balance- beginning of year		<u>5,755,208</u>	
Fund Balance- end of year		<u>\$ 6,448,369</u>	

See Notes to the Required Supplementary Information

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

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 \$907,481.

**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, 2023, 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 6, 2024.

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 2023-001 and 2023-002 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 2023-003 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 responses 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 6, 2024

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, 2023. 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, 2023.

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 6, 2024

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Federal AL Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
Federal Aviation Administration		
Airport Improvement Program	20.106	\$ 2,943,392
CARES Act - Airport Improvement Program	20.106	<u>697,809</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,641,201</u></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, 2023

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, 2023. 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	\$ 3,641,201
State and local reimbursements	845,104
Less: revenues recognized on government-wide financial statements only	<u>696,316</u>
Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 5,182,621</u></u>

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X yes ___ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

X yes ___ none reported

Non-compliance material to financial statements
noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

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)?

___ yes X no

Identification of major programs:

AL Number(s)

Name of Federal Program or Cluster

20.106

Airport Improvement Program/CARES Act – Airport
Improvement Program

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

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

Section II – Financial Statement Findings

2023-001 – 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 2022-001.

2023-002 – 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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

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 2022-002.

2023-003 – 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.

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2023

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 2022-003.

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, 2023

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 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 2023-001.

2022-002 – 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, 2023

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 2023-002.

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 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, 2023

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 2023-003.



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Phone: 701-483-1062 • Fax: 701-483-1072
www.dickinsonairport.com

In response to Audit Financial Statement Findings for the Dickinson Municipal Airport Authority year ending December 31st, 2023. The following responses of corrective action are listed below:

Corrective Action Plan – December 31, 2023

2023-001 - 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, 2024

2023-002 - 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, 2024

2023-003 – Lack of Segregation of Duties

Contact Person

Kelly Braun, Airport Manager



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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, 2024

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, 2023.

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, 2023.

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 6, 2024

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES AND RELATED EXPENDITURES
FOR THE YEAR ENDED AND EACH QUARTER FROM
JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Balance, January 1, 2023	\$ 257,779	\$279,095	\$302,931	\$275,956	\$ 257,779
Passenger facility charges	21,309	23,829	26,095	25,910	97,143
Interest earnings	7	7	8	7	29
Disbursements	<u>-</u>	<u>-</u>	<u>(53,078)</u>	<u>-</u>	<u>(53,078)</u>
Balance, December 31, 2023	<u>\$ 279,095</u>	<u>\$302,931</u>	<u>\$275,956</u>	<u>\$301,873</u>	<u>\$ 301,873</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)	\$ 97,143
Accounts receivable prior year	(13,543)
Accounts receivable current year	<u>17,127</u>
Accrual basis	<u>\$ 100,727</u>

DICKINSON THEODORE ROOSEVELT REGIONAL AIRPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PASSENGER FACILITY CHARGE PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2023

- I. Summary of Auditor's Results
 - i. An unmodified report was issued on the December 31, 2023 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 2023-001 to 2023-003 starting on page 32.
- III. There were no findings related to the *Passenger Facility Charge Audit Guide for Public Agencies*, which are required to be reported.