HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

Tri-Cities Joint JDA

Audit Report

December 31, 2024

Tri-Cities Joint JDA
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For The Year Ended December 31, 2024

Tri-Cities Joint JDA

List of Officials
December 31, 2024

Aaron Levorsen	Chairman
Mark Stelter	Vice Chairman
John Schmid	Treasurer
Colleen Reinke	Secretary
Carson Board Members	
Bailey Stewart	Board Member
Peter Allen Reis	Board Member
Elgin Board Members	
Clarence (Buddy) Laub. Jr.	Board Member
BJ Rafteseth	Board Member
Kristian Roth	Board Member
New Leipzig Board Members	
Roxann Tietz	Board Member
Andrew Roth	Board Member
Rueben Pastian	Board Member
Shannon Wangsvick	Lake Recreation Manager

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tri-Cities Joint JDA
Elgin, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, and the major fund of the Tri-Cities Joint JDA, Elgin, North Dakota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Organization'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 modified cash basis financial position of the governmental activities, and the major fund of the Tri-Cities Joint JDA as of December 31, 2024, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 Tri-Cities Joint JDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Tri-Cities Joint JDA'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 Tri-Cities Joint JDA'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 Tri-Cities Joint JDA'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.

Emphasis of Matter

As discussed in Note 1 of the financial statements, Tri-Cities Joint JDA adopted GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information on page 22, the employer's share of net pension liability and employer contributions – ND Public Employees Retirement System on page 23, the employer's share of net OPEB liability and employer contributions – ND Public Employees Retirement System on page 24, and the notes to the other information on page 25 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 March 25, 2025 on our consideration of the Tri-Cities Joint JDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tri-Cities Joint JDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tri-Cities Joint JDA's internal control over financial reporting and compliance.

Haga Kommer, Ltd

Haga Kommer, Ltd
Mandan, North Dakota
March 25, 2025

Tri-Cities Joint JDA
Statement of Net Position and Governmental Funds Balance Sheet - Modified Cash Basis
December 31, 2024

	Governmental Funds Balance Sheet		
	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	$ 753,943	$ -	$ 753,943
Total Assets	$ 753,943	-	753,943
LIABILITIES			
Current Liabilities:			
Payroll Liabilities	$ 6,966	-	6,966
Accounts Payable	655	-	655
Credit Card Payable	1,450	-	1,450
Sales Tax Payable	1,190	-	1,190
Construction Loan, Current Portion	-	44,333	44,333
Long-Term Liabilities:			
Construction Loan, Noncurrent Portion	-	968,667	968,667
Total Liabilities	10,261	1,013,000	1,023,261
FUND BALANCES/NET POSITION			
Fund Balances:			
Unassigned	743,682	(743,682)	-
Total Fund Balances	743,682	(743,682)	-
Total Liabilities and Fund Balances	$ 753,943		
Net Position:			
Unrestricted		(269,318)	(269,318)
Total Net Position		$ (269,318)	$ (269,318)

Explanation of adjustments between the governmental funds balance sheet and the government-wide statement of net position:

Total Fund Balances - Governmental Funds	$ 743,682
Long-term liabilities applicable to the organization's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances at December 31, 2024 are:	
Construction loan	(1,013,000)
Net Position - Governmental Activities	$ (269,318)

 The accompanying notes are an integral part of these financial statements.

Tri-Cities Joint JDA
Statement of Activities and Governmental Fund Statement
of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
For the Year Ended December 31, 2024

	Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances		
	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses:			
Operations & Maintenance	$ 847,873	$ (44,564)	$ 803,309
Total Expenditures/Expenses	847,873	(44,564)	803,309
Program Revenues:			
Charges for Services			
Fees & Licenses	788,664	-	788,664
Souvenirs	24,157	-	24,157
Refunds	(40)	-	(40)
Capital Grants and Contributions			
Reclamation Grant	35,606	-	35,606
Total Program Revenues	848,387	-	848,387
Net Program Revenue			45,078
General Revenues:			
Loan Proceeds	20,000	(20,000)	-
Interest Income	3,362	-	3,362
Miscellaneous Income	21,147	-	21,147
Total General Revenues	44,509	(20,000)	24,509
Excess of Revenues Over Expenditures	45,023	(45,023)	-
Change in Net Position	-	69,587	69,587
Fund Balance/Net Position:			
Beginning of the Year	698,659	(1,037,564)	(338,905)
End of the Year	$ 743,682	$ (1,013,000)	$ (269,318)

Explanation of the adjustments between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

Governmental Funds - Excess of Revenues Over Expenditures		$ 45,023
The proceeds of debt issuances are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, issuing debt increases long-term liabilities and does not affect the statement but repayment reduces long-term liabilities in the statement of net position. The amount of debt issued and repaid is:		
Debt Proceeds	$ (20,000)	
Debt Repayment	44,564	24,564
Statement of Activities - Change in Net Position		$ 69,587

 The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The Tri-Cities Joint JDA is involved in a cooperative agreement with the Bureau of Reclamation which includes operations and project management of the Lake Tschida recreation area. The Organization was formed and took over the operations of the recreation area after the Grant County JDA disbanded. The Tri-Cities Joint JDA is made up of the cities of Carson, Elgin, and New Leipzig. The Organization was also formed to use their financial and other resources to encourage and assist in the development of employment opportunities within the cities and surrounding areas.

Reporting Entity

In accordance with Governmental Accounting Standards Board Statement No. 14 *The Financial Reporting Entity,* for financial reporting purposes the Organization's financial statements include all accounts of the Organization's operations. The criteria for including entities as component units within the Organization's reporting entity include whether:

- the entity is legally separate (can sue and be sued in their own name)
- the Organization holds the corporate powers of the entity
- the Organization appoints a voting majority of the entity's board
- the Organization is able to impose its will on the entity
- the entity has the potential to impose a financial benefit/burden on the Organization
- there is a fiscal dependency by the entity on the Organization

The Organization receives funding from local, county, state and federal government sources and must comply with the concomitant requirements of these funding source entities. But, based upon the criteria of Statement No. 14, there are no component units to be included within the Organization as a reporting entity and the Organization is not includable as a component unit within another reporting entity.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Currently, the Organization does not classify any activities as business-type.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures. Separate statements are presented for governmental, proprietary and fiduciary activities. The Organization has no proprietary or fiduciary activities at this time. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Organization has presented the following major fund:

> *General Fund:* The General Fund is the main operating fund of the Organization and the only major fund at this time. This fund is used to account for all operating and financial resources of the Lake Tschida Recreation area.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the modified cash basis of accounting, the Organization recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The current financial resources measurement focus differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Due to the difference, the Organization's financial statements include the reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

If the Organization utilized the basis of accounting recognized as generally accepted, the fund financial statements would use modified accrual. All government-wide financials would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include non-interest bearing demand deposits.

Fund Balance Classifications

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

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

> *Restricted* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Committed* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Organization. Those committed amounts cannot be used for any other purpose unless the Organization removed 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 Organization's "intent" to be used for special purposes but are neither restricted nor committed. The Organization members 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 Organization's preference is to first use restricted resources, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Pronouncement

The following accounting pronouncement has been implemented for the year ended December 31, 2024:

GASB Statement No. 101, *Compensated Absences*

This Statement establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). 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. By aligning recognition and measurement guidance for compensated absences under a unified model, more relevant, reliable, consistent and comparable information about compensated absences will be provided to financial statement users.

NOTE 2 – DEPOSITS

In accordance with North Dakota statutes, the Organization maintains deposits at 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 of indebtedness, insured certificates of deposits, 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 district, park district, 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 entity, and bonds issued by any other state of the United States or such other securities approved by the banking board.

At December 31, 2024, the carrying amount of deposits was $753,943. The bank balance of these deposits as of December 31, 2024, was $892,942. Of the bank balances, all funds were fully covered by Federal Depository Insurance or guaranteed by the State of North Dakota.

Credit Risk: The Organization may invest idle funds as authorized in North Dakota statutes, as follows:

a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
b) 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.
c) Certificates of deposit fully insured by the federal deposit insurance corporation.
d) Obligations of the state.

Concentration of credit risk: The Organization does not have a limit on the amount the Organization may invest in any one issuer.

NOTE 3 – LONG TERM DEBT

The Organization took out a loan at Dakota Community Bank & Trust at $1,150,000 with a fixed interest rate of 4.150% with yearly installments. This was utilized for the construction of the Welcome Center. Final payment will be on May 6, 2027, and will be for all principal and accrued interest not yet paid. As of December 31, 2024 the loan activity is as follows:

	Balance 1/1/24	Additions	Reductions	Balance 12/31/24	Current Maturities
Construction Loan	$ 1,037,564	$ 20,000	$ 44,564	$ 1,013,000	$ 44,333

Future payments for the loan are as follows:

For the year ending December 31,	Principal	Interest	Total
2025	$ 44,333	$ 41,872	$ 86,205
2026	46,199	40,006	86,205
2027	922,468	41,511	963,979
	$ 1,013,000	$ 123,389	$ 1,136,389

NOTE 4 – PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020, member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is $25 and the maximum may not exceed the following:

1 to 12 months of service – Greater of one percent of monthly salary or $25
13 to 24 months of service – Greater of two percent of monthly salary or $25
25 to 36 months of service – Greater of three percent of monthly salary or $25
Longer than 36 months of service – Greater of four percent of monthly salary or $25

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Organization’s financial statements are on the modified cash basis of accounting. The pension disclosures noted below are provided based on full accrual accounting.

At December 31, 2024, the Organization would report a liability of $268,220 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization’s proportion of the net pension liability was based on the Organization’s share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the Organization’s proportion was 0.013910 percent which was a decrease of 0.0022 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the Organization would recognize pension expense of $25,799. At December 31, 2024, the Organization would report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,731	$ 1,479
Changes of assumptions	147,900	203,586
Net difference between projected and actual earnings on pension plan investments	7,038	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	18,471	36,542
Employer contributions subsequent to the measurement date (see below)	14,207	-
Total	$ 196,347	$ 241,607

$14,207 included as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended December 31,	
2025	$ 1,179
2026	(35,187)
2027	5,155
2028	20,304
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	3.5% to 17.75%, including inflation
Investment rate of return	6.50 %, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
Cash Equivalents	0%	0.00%

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the net pension liability	$ 369,811	$ 268,220	$ 183,942

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 1600 E Century, Suite 2; PO Box 1657; Bismarck, ND 58503.

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

2. North Dakota Public Employees Retirement System (OPEB)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to $5.00 for each of the employee’s, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Organization's financial statements are on the modified cash basis of accounting. The pension disclosures noted below are provided based on full accrual accounting.

At December 31, 2024 the Organization would report a liability of $14,822 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net OPEB liability was based on the Organization's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the Organization's proportion was 0.014816 percent which was an increase of 0.000109 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the Organization would recognize OPEB expense of $3,121. At December 31, 2024, the Organization would report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 279	$ 170
Changes of assumptions	3,161	1,227
Net difference between projected and actual earnings on OPEB plan investments	1,071	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	1,150	291
Employer contributions subsequent to the measurement date (see below)	1,734	-
Total	$ 7,395	$ 1,688

$1,734 included as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025.

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

For the year ended December 31,	
2025	$ 1,446
2026	1,344
2027	1,584
2028	(401)
2029	-
Thereafter	-

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Not Applicable
Investment rate of return	5.75 %, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Mortality Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

NOTE 4 – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net pension liability	$ 19,480	$ 14,822	$ 10,901

NOTE 5 – RISK MANAGEMENT

The Organization 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. The following are funds/pools established by the State for risk management issues:

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for over 2,000 state agencies and political subdivisions. The Organization pays an annual premium to NDIRF for its general liability, vehicle, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of $3,000,000 per occurrence.

The Organization also carries commercial insurance for other risks of loss, including North Dakota Fire and Tornado fund, and worker's compensation.

NOTE 6 – RELATED PARTY TRANSACTIONS

Aaron Levorsen is the chairman of the board for the Tri-Cities Joint JDA. His wife Julie Levorsen is the accountant for the organization as an independent contractor.

Jade Seibel is an employee of the organization. His wife Michelle Seible is the agent/broker for the Organization's insurance with Farmers Union.

Mark Stelter is the vice chairman of the board for the Tri-Cities Joint JDA. He owns a trailer included in the Lake Tschida operations. Mark is also the owner of Stelter Repair, which does various repairs and other work for the organization.

Rueben Pastian is a board member and also an employee of Stelter Repair.

Peter Reis is a board member and the brother of Lake Recreation Manager Shannon Wangsvick.

Kristian Roth is a board member and the son-in-law of Julie and Aaron Levorsen, the accountant for the Organization and chairman of the board, respectively.

Andrew Roth is a board member and the partner of seasonal employee LeAnn Hoherz.

Bailey Stewart is a board member and the brother-in-law of seasonal employee LeAnn Hoherz.

NOTE 7 – BUREAU AGREEMENT

The Tri-Cities Joint JDA has a cooperative agreement with the Bureau of Reclamation for any projects related to the Lake Tschida operations. Any capital assets brought over from the previous entity, the Grant County JDA who was then involved in the agreement with the Bureau, are considered to be Bureau property. This remains true for the current agreement between the Tri-Cities Joint JDA and the Bureau of Reclamation. All purchases, whether from grant money received from the Bureau or from the operations of the lake, would be turned back over to the Bureau should the management contract end between the two organizations.

NOTE 8 – EXPENDITURES IN EXCESS OF BUDGET

For the year ended December 31, 2024, certain individual line items were over budget in the general fund, and as a whole the expenditures were also over budget. No remedial action is anticipated.

NOTE 9 – COMPENSATED ABSENCES

The Organization's financial statements are on the modified cash basis of accounting. The compensated absences disclosure noted below is provided based on full accrual accounting.

Tri-Cities Joint JDA offers several types of leave benefits to both full time and seasonal employees. Full time employees and seasonal employees are eligible for vacation leave benefits. Vacation leave benefits are earned based on length of service and not accrued. Payment for unused vacation leave benefits is made at the employee's base rate of pay at fiscal year-end or upon termination of employment, whichever occurs first. Full time employees accrue sick leave benefits from date of hire at an accrual rate of 8 hours per month. Sick leave benefits may be accrued to a maximum of 120 hours. Employees are not paid for unused sick leave at termination of employment. Other leave benefits, both paid and unpaid, include leave of absence, bereavement, jury duty, voting, and military leave and are granted as needed with no accrual.

NOTE 9 – COMPENSATED ABSENCES - CONTINUED

For the purposes of determining the liability related to compensated absences, the employee's base rate of pay as of the date of the financial statements was used and associated salary-related payments included the employer's share of Medicare and Social Security. The liability includes accrued sick leave benefits attributable to services already rendered and more likely than not to be used for time off or otherwise paid in cash. No option for settlement through noncash means is provided by Tri-Cities Joint JDA. Accrual for compensated absences for governmental activities is estimated to be $10,300.

NOTE 10 – SUBSEQUENT EVENTS

Tri-Cities Joint JDA has evaluated subsequent events through March 25, 2025, the date the financial statements were available to be issued.

OTHER

INFORMATION

Tri-Cities Joint JDA
Budgetary Comparison Schedule
General Fund - Modified Cash Basis
For the Year Ended December 31, 2024

	Budget Original	Budget Amended	Actual	Variance with Final Budget
Revenues:				
Fees & Licenses	$ 731,825	$ 688,888	$ 788,664	$ 99,776
Souvenirs	23,000	22,800	24,157	1,357
Reclamation Grant	30,000	35,606	35,606	-
Interest Income	350	3,340	3,362	22
Refunds	(200)	(110)	(40)	70
Miscellaneous	9,000	14,197	21,147	6,950
Total Revenues	793,975	764,721	872,896	108,175
Expenditures:				
Accounting	8,800	8,800	8,280	520
Advertising	1,000	550	263	287
Audit	15,000	13,750	13,750	-
Bank & Credit Card Fees	4,400	2,400	3,598	(1,198)
Board Pay & Mileage	11,500	11,500	11,637	(137)
Campground Improvements	174,200	141,959	153,855	(11,896)
Equipment-Machinery, Vehicle & Office	19,300	13,600	13,600	-
Gas, Fuel & Oil	12,000	9,500	8,456	1,044
Miscellaneous Expense	21,100	16,405	16,266	139
Office Expense	6,500	6,000	7,183	(1,183)
Property & Liability Insurance	13,000	21,000	21,603	(603)
Repairs-Equipment, Vehicles, Campgrounds	9,000	5,416	9,197	(3,781)
Salaries	322,000	306,000	291,694	14,306
Sheriff Contract	65,000	65,000	62,684	2,316
Souvenirs	15,000	20,105	21,588	(1,483)
Supplies & Tools	17,000	21,979	19,790	2,189
Utilities	99,700	105,900	98,224	7,676
Vehicle Insurance & License	1,500	-	-	-
Debt Service:				
Principal Expense	-	-	44,564	(44,564)
Interest Expense	14,000	42,000	41,641	359
	830,000	811,864	847,873	(36,009)
Excess of Revenues Over (Under) Expenditures	(36,025)	(47,143)	25,023	72,166
Other Financing Sources (Uses):				
Loan Proceeds	-	-	20,000	20,000
Net Change In Fund Balances	(36,025)	(47,143)	45,023	92,166
Fund Balance - Beginning of Year	698,659	698,659	698,659	-
Fund Balance - End of Year	$ 662,634	$ 651,516	$ 743,682	$ 92,166

See independent auditor's report.

Tri-Cities Joint JDA
Other Information
For the Year Ended December 31, 2024

Schedule of Employer's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.013910%	0.016117%	0.015624%	0.013815%	0.013318%	0.010365%	0.012696%	0.013777%	0.009618%
Employer's proportionate share of the net pension liability (asset)	$ 268,220	$ 464,180	$ 162,849	$ 434,623	$ 156,097	$ 174,921	$ 204,066	$ 134,270	$ 65,401
Employer's covered-employee payroll	$ 170,101	$ 187,090	$ 176,923	$ 152,396	$ 138,525	$ 106,479	$ 129,606	$ 138,836	$ 85,689
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.68%	248.11%	92.05%	285.19%	112.68%	164.27%	157.45%	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	65.31%	54.47%	78.26%	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%

* Complete data for this schedule is not available prior to 2015.

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 12,868	$ 14,091	$ 13,047	$ 10,791	$ 10,086	$ 7,843	$ 9,398	$ 10,052	$ 6,508
Contributions in relation to the statutorily required contribution	$ (13,421)	$ (12,659)	$ (11,229)	$ (10,851)	$ (9,863)	$ (9,250)	$ (6,857)	$ (8,271)	$ (6,724)
Contribution deficiency (excess)	$ (553)	$ 1,432	$ 1,818	$ (60)	$ 223	$ (1,407)	$ 2,541	$ 1,781	$ (216)
Employer's covered-employee payroll	$ 170,101	$ 187,090	$ 176,923	$ 152,396	$ 138,525	$ 106,479	$ 129,606	$ 138,836	$ 85,689
Contributions as a percentage of covered-employee payroll	7.89%	6.77%	6.35%	7.12%	7.12%	8.69%	5.29%	5.96%	7.60%

* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of 7/1/2024, 7/1/2023, 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019, 7/1/2018, 7/1/2017 and 7/1/2016.

Tri-Cities Joint JDA
Other Information
For the Year Ended December 31, 2024

Schedule of Employer's Share of Net OPEB Liability
ND Public Employees Retirement System
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability (asset)	0.014826%	0.014717%	0.013865%	0.013368%	0.012414%	0.009731%	0.011980%
Employer's proportionate share of the net OPEB liability (asset)	$ 14,822	$ 17,665	$ 7,711	$ 11,245	$ 9,971	$ 7,664	$ 9,476
Employer's covered-employee payroll	$ 149,027	$ 151,934	$ 151,159	$ 152,396	$ 138,525	$ 106,479	$ 129,606
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	9.95%	11.63%	5.10%	7.38%	7.20%	7.20%	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	62.74%	56.28%	76.63%	63.38%	63.13%	61.89%	59.78%

* Complete data for this schedule is not available prior to 2017.

Schedule of Employer Contributions
ND Public Employees Retirement System
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,800	$ 1,849	$ 1,818	$ 1,790	$ 1,611	$ 1,249	$ 1,507
Contributions in relation to the statutorily required contribution	$ (1,734)	$ (1,732)	$ (1,723)	$ (1,737)	$ (1,579)	$ (1,481)	$ (1,098)
Contribution deficiency (excess)	$ 66	$ 117	$ 95	$ 53	$ 32	$ (232)	$ 409
Employer's covered-employee payroll	$ 149,027	$ 151,934	$ 15,159	$ 152,396	$ 138,525	$ 106,479	$ 129,606
Contributions as a percentage of covered-employee payroll	1.16%	1.14%	1.14%	1.14%	1.14%	1.39%	0.85%

* Complete data for this schedule is not available prior to 2017.

Data reported is measured as of 7/1/2024, 7/1/2023, 7/1/2022, 7/1/2021, 7/1/2020, 7/1/2019 and 7/1/2018.

See independent auditor's report and notes to financial statements.

NOTE 1 CHANGES OF BENEFIT TERMS AND CHANGES OF ASSUMPTIONS – ND PUBLIC EMPLOYEES RETIREMENT SYSTEM MAIN

Changes of Benefit Terms

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Changes of Assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NOTE 2 CHANGES OF BENEFIT TERMS AND CHANGES OF ASSUMPTIONS – ND PUBLIC EMPLOYEES RETIREMENT SYSTEM OPEB

Changes of Benefit Terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2022.

Changes of Assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Board adopts an annual budget consistent with accounting principles generally accepted in the United States for the general fund. The following procedures are used in establishing the budgetary data reflected in the financial statements:

- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the Board at the revenue and expenditure function/object level.
- The current budget may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

HAGA KOMMER
CERTIFIED PUBLIC ACCOUNTANTS

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
Tri-Cities Joint JDA
Elgin, 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 the major fund of the Tri-Cities Joint JDA, Elgin, North Dakota as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Tri-Cities Joint JDA's basic financial statements and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tri-Cities Joint JDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tri-Cities Joint JDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tri-Cities Joint JDA's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. We consider deficiencies 2024-001 and 2024-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tri-Cities Joint JDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tri-Cities Joint JDA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tri-Cities Joint JDA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Tri-Cities Joint JDA'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 response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haga Kommer, Ltd

Haga Kommer, Ltd
Mandan, North Dakota
March 25, 2025

Current Year Findings

Finding 2024-001: Preparation of Financial Statements

Criteria – Management is responsible for the preparation and fair presentation of the financial statements in conformity with the modified cash basis of accounting.

Condition – The financial statements and related notes are prepared by the Organization’s auditors.

Cause – Limited time and resources of the Organization to prepare the financial statements in the required format.

Effect – An increased risk of material misstatement in the Organization’s financial statements.

Recommendation – The board should review the financial statements for accuracy and accept responsibility for the preparation and fair presentation of the modified cash basis financial statements even if the auditor assisted in drafting the financial statements and notes.

Management’s Response – The Organization is aware that someone needs to review the audit report each year to make sure the financial statements and note disclosures are a fair presentation for the Organization.

Finding 2024-002: Segregation of Duties

Criteria – A good system of internal control contemplates adequate segregation of duties so that no individual handles or has access to a transaction from inception to completion.

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

Cause – There are limited individuals to perform tasks due to the small size of the entity and it is not economically feasible to further segregate duties.

Effect – Inadequate segregation of duties could adversely affect the Organization’s ability to detect misstatements in amounts that would be material to the financial statement in a timely matter by employees in the normal course of performing their assigned functions.

Recommendation –The most effective controls lie in the board’s knowledge of matters relating to the Organization’s operations. Board members should periodically review documentation supporting individual transactions.

Management’s Response – The Organization is aware of the limitations and will add controls where feasible.