

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

**CENTRAL MINNESOTA EMERGENCY
MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2011

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

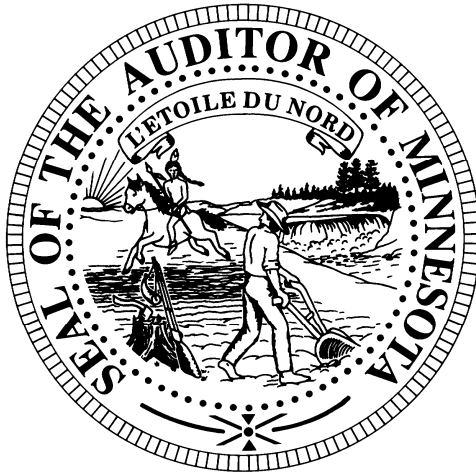
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**CENTRAL MINNESOTA EMERGENCY
MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

For the Year Ended December 31, 2011



**Audit Practice Division
Office of the State Auditor
State of Minnesota**

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**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

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**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

ORGANIZATION
DECEMBER 31, 2011

<u>Name</u>	<u>Representing</u>	<u>Position</u>
Board Members		
Jim McMahan	Benton County	
Neal Gaalswyk	Cass County	
Rick Greene	Chisago County	
Rachel Reabe Nystrom	Crow Wing County	
Alan Duff	Isanti County	
Les Nielsen	Kanabec County	
Roger Tellinghuisen	Mille Lacs County	
Duane Johnson	Morrison County	Secretary
Mitch Pangerl	Pine County	
John Riebel	Sherburne County	
DeWayne Mareck	Stearns County	Vice Chair
Mark Blessing	Todd County	Chair
Lane Waldahl	Wadena County	
Rose Thelen	Wright County	
Acting Coordinator		
Renee Frauendienst		

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Joint Powers Board
Central Minnesota Emergency
Medical Services Region

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Central Minnesota Emergency Medical Services Region as of and for the year ended December 31, 2011, which collectively comprise the Region's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Region's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Central Minnesota Emergency Medical Services Region as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Central Minnesota Emergency Medical Services Region adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011. GASB Statement 54 provides clearer fund balance classifications that can be more consistently applied and clarifies existing governmental fund type definitions.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not 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. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, 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.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

April 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011
(Unaudited)**

The Central Minnesota Emergency Medical Services Region Joint Powers Board's discussion and analysis provides an overview of the Region's financial activities for the fiscal year ended December 31, 2011. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Region's financial statements.

FINANCIAL HIGHLIGHTS

- Total net assets are \$315,257. The net assets decreased by \$32,838 for the year ended December 31, 2011.
- The Region is awarded the EMS Grant on a 2-year basis and budgets for its activities based on this revenue to be received in the two years. The higher Seat Belt Relief revenues continued through the end of the contract period, June 30, 2011. Beginning with the new contract period, July 1, 2011, Seat Belt Relief funds were no longer forwarded to each region automatically. The Seat Belt Relief funds changed to a monthly reimbursement basis, with payment contingent upon the EMSRB receiving monthly invoices accompanied by appropriate documentation of expenditures. In 2011, the Region increased equipment reimbursements to agencies. The combination of increased equipment reimbursements to agencies and the new reimbursement basis for Seat Belt Relief funds contributed to the decrease in net assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements. The Region's basic financial statements consist of two statements which combine government-wide financial statements and fund financial statements and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two financial statements. The first column of each statement presents governmental fund data, which focus on how money flows in and out and the balances left at year-end that are available for spending. These columns are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. This column provides a detailed short-term view of the Region's general government

operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Region's programs. We reconcile the relationship (or differences) between governmental funds and governmental activities (reported in the third column) in the center column of each statement. The third column in each statement presents the Statement of Net Assets and the Statement of Activities which provides information about the activities of the Region as a whole and presents a longer-term view of the Region's finances. These columns tell how these services were financed in the short term as well as what remains for future spending.

The Region as a Whole

The Region's combined net assets decreased from \$348,095 to \$315,257. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Region's governmental activities.

Table 1 - Net Assets

	<u>2011</u>	<u>2010</u>
Cash and pooled investments	\$ 301,768	\$ 341,565
Due from other governments	<u>16,644</u>	<u>18,651</u>
Total Assets	<u>\$ 318,412</u>	<u>\$ 360,216</u>
Current liabilities	\$ 1,561	\$ 7,512
Noncurrent liabilities	<u>1,594</u>	<u>4,609</u>
Total Liabilities	<u>\$ 3,155</u>	<u>\$ 12,121</u>
Net Assets		
Unrestricted	<u>\$ 315,257</u>	<u>\$ 348,095</u>

Net assets of the Region decreased by 9.4 percent. Unrestricted net assets--the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements--changed from a \$348,095 surplus at December 31, 2010, to \$315,257 at the end of this year.

Table 2 - Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues		
Program revenues		
Operating grants	\$ 218,206	\$ 312,323
Fees and charges	3,218	-
	<u> </u>	<u> </u>
Total Revenues	<u>\$ 221,424</u>	<u>\$ 312,323</u>
Program expenses		
Health		
EMS systems management	\$ 121,946	\$ 112,381
EMS personnel training	50,685	8,030
Communications	27,000	-
Public safety involvement	7,445	454
Patient/Nonpatient care EMS equipment	46,343	-
Bioterrorism training and support	843	-
	<u> </u>	<u> </u>
Total Expenses	<u>\$ 254,262</u>	<u>\$ 120,865</u>
Increase (Decrease) in Net Assets	<u>\$ (32,838)</u>	<u>\$ 191,458</u>

The Region's General Fund

As the Region completed the year, its governmental fund (as presented in the first column of the statements) reported a fund balance of \$316,851, which is less than last year's fund balance of \$352,704, a decrease of 10.2 percent. The Region has adopted grant budgets for the various grant periods. These budgets may be amended or modified as additional grants are received. A comparison of budgeted revenues and expenditures to actual has not been presented in the financial statements because the budgets are not adopted on an annual fiscal-period basis.

ECONOMIC FACTORS AND NEXT YEAR'S GRANT BUDGETS AND RATES

The Region's officials considered many factors when planning for the calendar year ending December 31, 2012.

- It is anticipated that there will be no significant increases or reductions in state aids to local governments. The Region, however, continually reviews expenditures against revenues to determine if programs and administrative expenses should be adjusted.
- The Region continued to see an increase in the Seat Belt Relief grant in the first six months of 2011. For 2012, the Region has approved an increase in the equipment and training reimbursements due to the increased revenues received in the Seat Belt Relief Fund; however, the Region will continue to review revenues and expenditures and make adjustments as needed.

CONTACTING THE REGION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Region's finances and to show the Region's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Central Minnesota Emergency Medical Services Joint Powers Board Director, P. O. Box 1107, St. Cloud, Minnesota 55302.

BASIC FINANCIAL STATEMENTS

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**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES
AND GENERAL FUND BALANCE SHEET
DECEMBER 31, 2011**

	General Fund	Reconciliation	Governmental Activities
<u>Assets</u>			
Current assets			
Cash and investments pooled with Stearns County	\$ 301,768	\$ -	\$ 301,768
Due from other governments	16,644	-	16,644
Total Assets	\$ 318,412	\$ -	\$ 318,412
 <u>Liabilities and Fund Balance/Net Assets</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 427	\$ -	\$ 427
Salaries payable	1,134	-	1,134
Total current liabilities	\$ 1,561	\$ -	\$ 1,561
Noncurrent liabilities			
Compensated absences - long-term	-	1,594	1,594
Total Liabilities	\$ 1,561	\$ 1,594	\$ 3,155
Fund Balance			
Unassigned	316,851	(316,851)	
Net Assets			
Unrestricted		315,257	315,257
Total Liabilities and Fund Balance/Net Assets	\$ 318,412	\$ -	\$ 318,412
 Reconciliation of the General Fund Balance to Net Assets			
Fund Balance - General Fund			\$ 316,851
Long-term liabilities are reported on the Statement of Net Assets but not on the Fund Balance Sheet.			
Compensated absences payable at year-end			(1,594)
Net Assets - Governmental Activities			\$ 315,257

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES AND
GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General Fund	Reconciliation	Governmental Activities
Revenues			
State sources			
Emergency medical services (EMS) grant	\$ 50,539	\$ -	\$ 50,539
Seat belt grant	167,667	-	167,667
Charges for services	3,218	-	3,218
Total Revenues	\$ 221,424	\$ -	\$ 221,424
Expenditures/Expenses			
Current			
Health			
EMS systems management	\$ 124,961	\$ (3,015)	\$ 121,946
EMS personnel training	50,685	-	50,685
Communications	27,000	-	27,000
Public safety involvement	7,445	-	7,445
Patient/nonpatient care EMS equipment	46,343	-	46,343
Bioterrorism training and support	843	-	843
Total Expenditures/Expenses	\$ 257,277	\$ (3,015)	\$ 254,262
Net Change in Fund Balance/Net Assets	\$ (35,853)	\$ 3,015	\$ (32,838)
Fund Balance/Net Assets - January 1	352,704	(4,609)	348,095
Fund Balance/Net Assets - December 31	\$ 316,851	\$ (1,594)	\$ 315,257
Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Change in Fund Balance			\$ (35,853)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, such as the increase in compensated absences payable.			3,015
Change in Net Assets of Governmental Activities			\$ (32,838)

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011**

1. Summary of Significant Accounting Policies

The Central Minnesota Emergency Medical Services Region's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2011. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Region are discussed below.

A. Financial Reporting Entity

The Region was established in 2001 under Minn. Stat. § 471.59. It was established under a joint powers agreement between 14 counties in Central Minnesota to improve the planning, coordination, and implementation of emergency medical services within the member counties. The Region provides training primarily for policemen, firemen, and ambulance personnel in emergency medical procedures, and also assists in purchasing medical supplies.

The Region has established a Board which has general supervision over the Region's activities. The Board consists of 14 County Commissioners, one from each of the member counties. The Board elects a chair, vice chair, and secretary/treasurer from its members. The Board has adopted bylaws and operating rules and policies as it has deemed necessary.

The Region is a separate entity independent of the counties that formed it. In accordance with GAAP, the Region's financial statements are not included in any member county's financial statements. However, Stearns County, as fiscal agent, accounts for all transactions of the Region and reports the Region as an agency fund in its financial statements. No single member county retains control over the operations or is financially accountable for the Region.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

The financial statements combine fund level financial statements and government-wide financial statements (the governmental activities column). These statements include the financial activities of the overall Joint Powers Board.

The government-wide columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Region's net assets are unrestricted.

C. Measurement Focus and Basis of Accounting

The governmental activities columns are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund columns (General Fund) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The Region considers all revenues as available if collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for compensated absences and claims and judgments, which are recognized as expenditures to the extent that they have matured. When both restricted and unrestricted resources are available for use, it is the Region's policy to use restricted resources first and then unrestricted resources as needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Pooled Investments

The Region's cash and pooled investments include cash on hand, demand deposits, and cash on deposit with Stearns County. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits will not be returned to it. To cover its custodial credit risk, the County obtains collateral to cover deposits in excess of insurance coverage.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables

All receivables are shown net of an allowance for uncollectibles.

3. Capital Assets

The Region defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation. The Region currently holds no capital assets over the \$5,000 capitalization threshold.

4. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Region is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

Nonspendable - the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Region’s Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

4. Classification of Fund Balances (Continued)

Assigned - amounts in the assigned fund balance classification are for the amounts the Region intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

5. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Detailed Notes

A. Assets

1. Deposits

As of December 31, 2011, the Region had \$301,768 on deposit with Stearns County. Authorization to deposit cash in financial institutions is provided by Minn. Stat. § 118A.02. Minn. Stat. §§ 118A.04 and 118A.05 authorize the types of investments available. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral.

2. Due From Other Governments

At December 31, 2011, the Region had \$16,644 due from other governments. This represents the amount due from the State of Minnesota for the Emergency Medical Services Grant and Seat Belt Relief Grant.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

2. Detailed Notes (Continued)

B. Liabilities

1. Deferred Revenue

The Region defers revenue for resources that have been received, but not yet earned. Governmental funds also defer revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

2. Compensated Absences

The Region has adopted Stearns County's personnel policies regarding paid time off (PTO). Under these policies, employees are granted PTO in varying amounts based on their length of service.

The liability for compensated absences reported in the financial statements consists of unused, accumulated and vested PTO balances. The liability has been calculated using the vesting method outlined in the personnel policies. PTO may be utilized for any purpose subject to the needs of the employer to return appropriate staffing and service levels. Unvested PTO is not paid to employees at termination. Unused accumulated and vested PTO is accrued as compensated absences when incurred in the government-wide financial statements.

Changes in the Region's compensated absences balances are:

Payable - January 1, 2011	\$ 4,609
Net change in compensated absences	<u>(3,015)</u>
Payable - December 31, 2011	<u>\$ 1,594</u>

C. Expenditures

Emergency Medical Services Devices and Supplies

The Region funds expenditures for the purchase of emergency medical equipment and supplies, such as defibrillators and computers, provided largely to other agencies.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Plan Description

All full-time and certain part-time employees of the Central Minnesota Emergency Medical Services Region are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service (five years for those first eligible for membership after June 30, 2010). Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For General Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for members hired prior to July 1, 1989, and is the age for unreduced Social Security benefits capped at age 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Plan Description (Continued)

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The Region makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary.

The Region is required to contribute the following percentages of annual covered payroll in 2011:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25

The Region's contributions for the years ending December 31, 2011, 2010, and 2009, for the General Employees Retirement Fund were:

<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,249	\$ 4,739	\$ 4,557

These contribution amounts are equal to the contractually required contribution rates for each year as set by state statute.

**CENTRAL MINNESOTA EMERGENCY MEDICAL SERVICES REGION
ST. CLOUD, MINNESOTA**

4. Risk Management

The Region is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Region has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT) to protect against liabilities from workers' compensation and property and casualty. There were no significant reductions in insurance from the prior year or settlements in excess of insurance coverage for the past three years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$450,000 per claim in 2011. Should MCIT Workers' Compensation Division liabilities exceed assets, the MCIT may assess the Region, through Stearns County, in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the Region pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the Region in a method and amount to be determined by MCIT.

5. Summary of Significant Contingencies and Other Items

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the Region expects such amounts, if any, to be immaterial.

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REPORT ON MINNESOTA LEGAL COMPLIANCE

Joint Powers Board
Central Minnesota Emergency
Medical Services Region

We have audited the financial statements of the governmental activities and the General Fund of the Central Minnesota Emergency Medical Services Region as of and for the year ended December 31, 2011, which collectively comprise the Region's basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories, except that we did not test for compliance in depositories of public funds and public investments and contracting and bidding since those transactions are handled by Stearns County. In addition, we did not test for compliance in public indebtedness because the Region has no long-term debt.

The results of our tests indicate that, for the items tested, the Central Minnesota Emergency Medical Services Region complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Joint Powers Board, management, and others within the Central Minnesota Emergency Medical Services Region and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

April 24, 2012

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