

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, 2013

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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This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

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

For the Year Ended December 31, 2013



**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, 2013**

<u>Name</u>	<u>Representing</u>	<u>Position</u>
Board Members		
Jim McMahon	Benton County	
Neal Gaalswyk	Cass County	
Rachel Reabe Nystrom	Crow Wing County	
Les Nielsen	Kanabec County	
Genny Reynolds	Mille Lacs County	
Jeff Jelinski	Morrison County	Secretary
Mitch Pangerl	Pine County	
John Riebel	Sherburne County	
DeWayne Mareck	Stearns County	Vice Chair
Mark Blessing	Todd County	Chair
Ron Noon	Wadena County	
Christine Husom	Wright County	
Coordinator		
Marion Larson		

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Joint Powers Board
Central Minnesota Emergency
Medical Services Region
St. Cloud, Minnesota

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Region's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

April 2, 2014

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, 2013
(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, 2013. 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 position is \$311,407. The net position increased by \$3,446 for the year ended December 31, 2013.
- The Region is awarded the EMS Grant on a two-year basis. The current grant cycle ends June 30, 2015.
- The Region consisted of 14 counties. Isanti and Chisago counties notified the Region that, as of December 31, 2012, they will no longer be part of the Region. As of January 1, 2013, the Region has 12 member counties.
- The variability of the dollars received from the EMS Relief Account (Seatbelt funding) continues. The Region continues to budget the revenues based on the projection received from the Minnesota Emergency Medical Services Regulatory Board (MNEMSRB).
- For much of the year, reimbursements to the Region for monthly expenditures were running three to four months behind but had become much more timely by year end. The Region continues to monitor invoices submitted and payments received by contacting the MNEMSRB.
- The Minnesota Ambulance Association is interested in looking at securing dollars other than the Seatbelt funding to support the Regions throughout the State.
- There have been discussions at the State regarding moving the duties from the MNEMSRB to the Minnesota Department of Health. Regions are not sure what impact on grant funding this may have and will continue to monitor in 2014.

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 the reader 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 Position 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 position increased from \$307,961 to \$311,407. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Region's governmental activities.

Table 1 - Net Position

	2013	2012
Cash and pooled investments	\$ 279,460	\$ 282,795
Due from other governments	40,650	35,614
Total Assets	\$ 320,110	\$ 318,409
Current liabilities	\$ 6,015	\$ 7,744
Noncurrent liabilities	2,688	2,704
Total Liabilities	\$ 8,703	\$ 10,448
Net Position		
Unrestricted	\$ 311,407	\$ 307,961

The net position of the Region increased by 1.12 percent. Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements--changed from a \$307,961 surplus at December 31, 2012, to \$311,407 at the end of this year.

Table 2 - Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Operating grants	\$ 208,560	\$ 235,973
Fees and charges	<u>1,701</u>	<u>1,924</u>
Total Revenues	<u>\$ 210,261</u>	<u>\$ 237,897</u>
Expenses		
Program expenses		
Health		
EMS systems management	\$ 127,539	\$ 136,375
EMS personnel training	49,594	89,546
Communications	7,270	16,200
Emergency medical services devices and supplies	21,903	-
Public safety involvement	509	1,572
Patient/Nonpatient care EMS equipment	<u>-</u>	<u>1,500</u>
Total Expenses	<u>\$ 206,815</u>	<u>\$ 245,193</u>
Increase (Decrease) in Net Position	<u>\$ 3,446</u>	<u>\$ (7,296)</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 \$314,095, which is more than last year's fund balance of \$310,665, an increase of 1.10 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, 2014. 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.

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 Region Director, P. O. Box 1107, St. Cloud, Minnesota 55302.

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BASIC FINANCIAL STATEMENTS

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

EXHIBIT 1

**STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
AND GENERAL FUND BALANCE SHEET
DECEMBER 31, 2013**

	General Fund	Reconciliation	Governmental Activities
<u>Assets</u>			
Current assets			
Cash and investments pooled with Stearns County	\$ 279,460	\$ -	\$ 279,460
Due from other governments	40,650	-	40,650
Total Assets	\$ 320,110	\$ -	\$ 320,110
 <u>Liabilities and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 1,383	\$ -	\$ 1,383
Salaries payable	4,632	-	4,632
Total current liabilities	\$ 6,015	\$ -	\$ 6,015
Noncurrent liabilities			
Compensated absences - long-term	-	2,688	2,688
Total Liabilities	\$ 6,015	\$ 2,688	\$ 8,703
Fund Balance			
Unassigned	314,095	(314,095)	
Net Position			
Unrestricted		311,407	311,407
Total Liabilities and Fund Balance/Net Position	\$ 320,110	\$ -	\$ 320,110
 Reconciliation of the General Fund Balance to Net Position			
Fund Balance - General Fund			\$ 314,095
Long-term liabilities are reported on the Statement of Net Position but not on the Fund Balance Sheet.			
Compensated absences payable at year-end			(2,688)
Net Position - Governmental Activities			\$ 311,407

**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, 2013**

	General Fund	Reconciliation	Governmental Activities
Revenues			
State sources			
Emergency medical services (EMS) grant	\$ 54,671	\$ -	\$ 54,671
Seat belt grant	153,889	-	153,889
Charges for services	1,701	-	1,701
Total Revenues	\$ 210,261	\$ -	\$ 210,261
Expenditures/Expenses			
Current			
Health			
EMS systems management	\$ 127,555	\$ (16)	\$ 127,539
EMS personnel training	49,594	-	49,594
Communications	7,270	-	7,270
Emergency medical services devices and supplies	21,903	-	21,903
Public safety involvement	509	-	509
Total Expenditures/Expenses	\$ 206,831	\$ (16)	\$ 206,815
Net Change in Fund Balance/Net Position	\$ 3,430	\$ 16	\$ 3,446
Fund Balance/Net Position - January 1	310,665	(2,704)	307,961
Fund Balance/Net Position - December 31	\$ 314,095	\$ (2,688)	\$ 311,407
 Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Change in Fund Balance			\$ 3,430
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.			16
Change in Net Position of Governmental Activities			\$ 3,446

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

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). 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. On January 1, 2013, two counties left the Region leaving 12 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 12 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 position is 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 Position 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 Position 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 - amounts that cannot be spent because they are not in spendable form, or are 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 - amounts for which constraints have been placed on the use of resources 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 - 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 Position 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 - the residual classification for the General Fund 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, 2013, the Region had \$279,460 on deposit with Stearns County. Authorization to deposit cash in financial institutions is provided by Minn. Stat. § 118A.02. The County may invest in the types of investments authorized by Minn. Stat. §§ 118A.04 and 118A.05. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral.

2. Due From Other Governments

At December 31, 2013, the Region had \$40,650 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. 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, 2013	\$ 2,704
Net change in compensated absences	<u>(16)</u>
Payable - December 31, 2013	<u>\$ 2,688</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 and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

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. 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 remaining year. 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 remaining 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 hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. 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 2013:

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

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

3. Employee Retirement Systems and Pension Plans

B. Funding Policy (Continued)

The Region's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund were:

<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 4,123	\$ 4,074	\$ 1,249

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

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 Minnesota counties to form the Minnesota Counties Intergovernmental 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 \$470,000 per claim in 2013 and \$480,000 per claim in 2014. 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.

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

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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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Joint Powers Board
Central Minnesota Emergency
Medical Services Region
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, 2013, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements and have issued our report thereon dated April 2, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested in connection with the audit of the Region's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for 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 with the provisions for public indebtedness because the Region does not have debt.

In connection with our audit, nothing came to our attention that caused us to believe that the Central Minnesota Emergency Medical Services Region failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Region's noncompliance with the above referenced provisions.

This communication is intended solely for the information and use of the Joint Powers Board, management, others within the Central Minnesota Emergency Medical Services Region, and the State Auditor 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 2, 2014