STATE OF MINNESOTA
Office of the State Auditor

Rebecca Otto
State Auditor

SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

YEAR ENDED JUNE 30, 2016

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 150 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 700 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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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

Year Ended June 30, 2016

Audit Practice Division
Office of the State Auditor
State of Minnesota

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

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Introductory Section

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

ORGANIZATION
JUNE 30, 2016

Name	Representing	Position
Board Members		
Dave Erickson	Dodge County	
Mitch Lentz	Fillmore County	
Dan Belshan	Freeborn County	
Jason Majerus	Goodhue County	
Teresa Walter	Houston County	
Tim Gabrielson	Mower County	Chair
Kenneth Brown	Olmsted County	
Steve Bauer	Rice County	
John Glynn	Steele County	
Cheryl Key	Wabasha County	Vice Chair
Marcia Ward	Winona County	
Officer		
Don Hauge		Director

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Financial Section

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Joint Powers Board
Southeastern Minnesota Emergency Medical Services
 Joint Powers Board
Rochester, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Southeastern Minnesota Emergency Medical Services Joint Powers Board (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board'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 from 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 Board'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 Board'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 Southeastern Minnesota Emergency Medical Services Joint Powers Board as of June 30, 2016, 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 and Required Supplementary Information as listed in the table of contents 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

October 27, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

The Southeastern Minnesota Emergency Medical Services Joint Powers Board's (the Board) Management's Discussion and Analysis (MD&A) provides an overview of the Board's financial activities for the fiscal year ended June 30, 2016. 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 Board's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position is $147,418, of which $1,239 is the net investment in capital assets.
- The Board's net position decreased by $31,753 for the year ended June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The Board'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 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 Board's operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. We reconcile the relationship (or differences) between governmental fund 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 provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances. These columns tell how these services were financed in the short term as well as what remains for future spending.

THE BOARD AS A WHOLE

The Board's combined net position decreased from $179,171 to $147,418. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Board's governmental activities.

Table 1
Net Position

	2016	2015	Percent (%) Change
Assets			
Current and other assets	$ 284,436	$ 312,610	(9)
Capital assets	5,287	8,825	(40)
Total Assets	$ 289,723	$ 321,435	(10)
Deferred Outflows of Resources			
Deferred pension outflows	$ 31,174	$ 23,648	32
Liabilities			
Long-term liabilities	$ 125,954	$ 121,111	4
Other liabilities	11,543	13,171	(12)
Total Liabilities	$ 137,497	$ 134,282	2
Deferred Inflows of Resources			
Deferred pension inflows	$ 35,982	$ 31,630	14
Net Position			
Net investment in capital assets	$ 1,239	$ 3,673	(66)
Unrestricted	146,179	175,498	(17)
Total Net Position	$ 147,418	$ 179,171	(18)

Net position of the Board decreased by 18 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 $175,498 surplus at June 30, 2015, to $146,179 on June 30, 2016.

Table 2
Changes in Net Position

		2016		2015	Percent (%) Change
Revenues					
Program revenues					
Charges for services	$	118,076	$	119,306	(1)
Operating grants		182,550		206,162	(11)
General revenues					
Investment income		278		257	8
Other		1,710		2,232	(23)
Total Revenues	$	302,614	$	327,957	(8)
Expenses					
Health					
EMS systems management	$	162,453	$	194,242	(16)
EMS personnel training		75,365		104,637	(28)
Public safety involvement		-		9,008	(100)
Healthcare FAC involvement		1,997		-	100
Patient/nonpatient care EMS equipment		-		7,783	(100)
Operational expenses of emergency		59,003		-	100
Other health programs		32,011		20,880	53
Depreciation		3,538		10,309	(66)
Total Expenses	$	334,367	$	346,859	(4)
Increase (Decrease) in Net Position	$	(31,753)	$	(18,902)	68
Net Position, July 1		179,171		198,073	(10)
Net Position, June 30	$	147,418	$	179,171	(18)

The Board's General Fund

As the Board completed the year, its governmental fund (as presented in the first column of the statements) reported an unassigned fund balance of $275,097, which is a decrease of nine percent from last year's unassigned fund balance of $301,639. This decrease is due largely to a decrease in seat belt funding. The Board has adopted grant budgets for the various grant periods. These budgets are re-evaluated during each fiscal year and changes made if seat belt funds trend downward during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the Board had $5,287 invested in capital assets. (See Table 3 below.) This amount represents a net decrease (including additions and deductions) of $3,538.

Table 3
Capital Assets at Year-End

	2016	2015	Percent (%) Change
Equipment	$ 78,133	$ 78,133	-
Less: accumulated depreciation	(72,846)	(69,308)	5
Net Capital Assets	$ 5,287	$ 8,825	(40)

This year's changes included $3,538 of depreciation expense.

Debt

As of June 30, 2016, the Board had $4,048 in a capital lease outstanding. (See Table 4 below.) This amount represents total payments made during the year of $1,104.

Table 4
Outstanding Debt at Year-End

	2016	2015	Percent (%) Change
Capital leases	$ 4,048	$ 5,152	(21)

More detailed information about the Board's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S GRANT BUDGETS AND RATES

With the financial uncertainty of the economy, both on a state and national level, the Joint Powers Board considered many factors when planning for the fiscal year ending June 30, 2016. Some of the decisions made in fiscal year 2015 regarding a reduction in spending while increasing revenue-producing activities were continued in fiscal year 2016.

- The Emergency Medical Services (EMS) Support Act grant funds to regional EMS programs through the Minnesota EMS Regulatory Board for fiscal year 2016 remained the same as in fiscal year 2015. As seat belt funds continue to decrease in FY 2016 *(Special Relief Fund)*, the Regional System continued to fund programs which are vital to our EMS agencies such as the Medical Direction Consortium and CISM as examples, this caused some decrease in our net position.

- The decrease in total net position for fiscal year 2016 was primarily a result of reduction of seat belt fund revenues and also a decrease in attendance at our annual EMS Conference and an attempt to continue vital programs with decreased funding. We continue to see a decrease in funding from the seat belt funds.

- The Board reviews monthly expenditure reports to ensure programs and administrative expenses are within the operating budget. During fiscal year 2016, the Board:

  - continued increasing user and registration fees as the consumer market would accept;

  - continued the increase of educational programs offered by the regional program such as First Responder initial and refresher courses; also increased the number of CPR classes that are offered in the region as well as working to increase attendance at our annual EMS Conference; and

  - continued to work with the Joint Powers Board to prioritize and maximize the use of current funding and continues to seek opportunities to increase funding sources.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Southeastern Minnesota Emergency Medical Services Joint Powers Board Director, Donovan Hauge, 1130½ - 7th Street Northwest, Suite 201, Rochester, Minnesota 55901.

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BASIC FINANCIAL STATEMENTS

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

EXHIBIT 1

GENERAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2016

	General Fund	Reconciliation	Governmental Activities
Assets and Deferred Outflows of Resources			
Assets			
Cash and pooled investments	$ 265,031	$ -	$ 265,031
Petty cash and change funds	10	-	10
Due from other governments	19,395	-	19,395
Capital assets			
Depreciable - net	-	5,287	5,287
Total Assets	**$ 284,436**	**$ 5,287**	**$ 289,723**
Deferred Outflows of Resources			
Deferred pension outflows	-	31,174	31,174
Total Assets and Deferred Outflows of Resources	**$ 284,436**	**$ 36,461**	**$ 320,897**
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position			
Liabilities			
Current liabilities			
Accounts payable	$ 1,426	$ -	$ 1,426
Salaries payable	7,455	-	7,455
Compensated absences	-	1,100	1,100
Unearned revenue	458	-	458
Capital lease	-	1,104	1,104
Total current liabilities	**$ 9,339**	**$ 2,204**	**$ 11,543**
Long-term liabilities			
Capital lease due after one year	-	2,944	2,944
Net pension liability	-	123,010	123,010
Total Liabilities	**$ 9,339**	**$ 128,158**	**$ 137,497**
Deferred Inflows of Resources			
Deferred pension inflows	**$ -**	**$ 35,982**	**$ 35,982**

The notes to the financial statements are an integral part of this statement.

SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

EXHIBIT 1 (Continued)

GENERAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2016

	General Fund	Reconciliation	Governmental Activities
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)			
Fund Balance/Net Position			
Fund Balance			
Unassigned	**$ 275,097**	**$ (275,097)**	
Net Position			
Net investment in capital assets		$ 1,239	$ 1,239
Unrestricted		146,179	146,179
Total Net Position		**$ 147,418**	**$ 147,418**
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	**$ 284,436**	**$ 36,461**	**$ 320,897**

Reconciliation of the General Fund Balance to Net Position	
Fund Balance - General Fund	**$ 275,097**
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	5,287
Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	31,174
Long-term liabilities, including the capital lease, compensated absences, and pension liability, are not due and payable in the current period and, therefore, are not reported in governmental funds.	(128,158)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.	(35,982)
Net Position - Governmental Activities	**$ 147,418**

SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

EXHIBIT 2

GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Reconciliation	Governmental Activities
Revenues			
State sources			
Emergency medical services (EMS) grant	$ 73,125	$ -	$ 73,125
Seat belt grant	100,378	-	100,378
Narcan grant	7,457	-	7,457
Federal sources			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	1,590	-	1,590
Charges for services	118,076	-	118,076
Investment earnings	278	-	278
Miscellaneous	1,710	-	1,710
Total Revenues	**$ 302,614**	**$ -**	**$ 302,614**
Expenditures/Expenses			
Current			
Health			
EMS systems management	$ 160,147	$ 2,306	$ 162,453
EMS personnel training	75,365	-	75,365
Healthcare FAC involvement	1,997	-	1,997
Operational expenses of emergency	58,532	471	59,003
Other	32,011	-	32,011
Principal payments for capital lease	1,104	(1,104)	-
Depreciation	-	3,538	3,538
Total Expenditures/Expenses	**$ 329,156**	**$ 5,211**	**$ 334,367**
Net Change in Fund Balance/Net Position	**$ (26,542)**	**$ (5,211)**	**$ (31,753)**
Fund Balance/Net Position - July 1	**301,639**	**(122,468)**	**179,171**
Fund Balance/Net Position - June 30	**$ 275,097**	**$ (127,679)**	**$ 147,418**

SOUTHEASTERN MINNESOTA EMERGENCY
MEDICAL SERVICES JOINT POWERS BOARD
ROCHESTER, MINNESOTA

EXHIBIT 2
(Continued)

GENERAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AND STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities of Governmental Activities		
Net Change in Fund Balance	**$**	**(26,542)**
Issuing a long-term capital lease provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position.		
Principal repayments capital leases		1,104
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences payable		(4)
Change in net pension liability		(5,947)
Change in deferred outflows of resources		7,526
Change in deferred inflows of resources		(4,352)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, only the gain or loss on the disposal is reported; whereas, in governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of assets disposed of.		
Depreciation expense for the current period		(3,538)
Change in Net Position of Governmental Activities	**$**	**(31,753)**

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The Southeastern Minnesota Emergency Medical Services Joint Powers Board's (the Board) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended June 30, 2016. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

A. Financial Reporting Entity

The Southeastern Minnesota Emergency Medical Services Joint Powers Board was established February 1, 1983, by Minn. Stat. § 471.59. It was established under a joint powers agreement between 11 counties in Southeastern Minnesota to provide training primarily for policemen, firemen, and ambulance personnel in emergency medical procedures and also to assist in purchasing medical supplies.

The Board contracted with Olmsted County for the first half of the year to act as its fiscal agent to receive grant funds from the Minnesota Emergency Medical Services (EMS) Regulatory Board. The second half of the year, the Board opened a checking account with Wells Fargo Bank to receive grant funds. The Board is governed by an 11-member Board of Commissioners. Each member county appoints one of its County Commissioners to the EMS Board. The Board is organized with a chair and vice chair elected at the annual meeting in February of each year.

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

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 overall financial activities of the 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 Board’s net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Board first utilizes restricted resources to finance qualifying activities.

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 Board considers all revenues as available if collected within 60 days after the end of the current period. Interest is considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, principal on long-term debt, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources in governmental fund financial statements. When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first and then unrestricted resources as needed.

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Pooled Investments

The Board's cash and pooled investments include cash on hand and two demand deposits with Wells Fargo Bank. The demand deposits consist of Board-controlled checking accounts.

2. Receivables

Receivables are collectible within one year.

3. Capital Assets

Capital assets are defined by the Board as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Equipment of the Board is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Office furnishings	5 - 15
Computer equipment	3 - 7
Medical equipment	3 - 5

1. Summary of Significant Accounting Policies

   D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

      4. Compensated Absences

         The Board has adopted personnel policies regarding paid time off (PTO). Under these policies, employees are granted PTO in varying amounts based on their length of service and hours worked per week.

         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. The liability is reported in governmental funds only if they have matured (as a result of employee resignations and retirements). Unused accumulated and vested PTO is accrued as compensated absences when incurred in the government-wide financial statements. The current portion of the liability was determined to be short-term based on historical average.

      5. Unearned Revenue

         Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

      6. Long-Term Obligations

         Long-term debt is reported as liabilities in the governmental activities statement of net position. The face amount of the debt issued is reported as an other financing source.

      7. Pension Plan

         For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are

1. Summary of Significant Accounting Policies

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

7. Pension Plan (Continued)

reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

8. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure/expense) until then. Currently, the Board has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, the differences between projected and actual earnings of pension plan investments, differences between expected and actual pension plan economic experience, and changes in actuarial assumptions and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Currently, the Board is reporting one item, deferred inflows related to pension obligations. Deferred pension inflows arise only under an accrual basis of accounting and, accordingly, are reported only in the statement of net position. This amount consists of differences between expected and actual pension plan economic experience, differences between projected and actual earnings of pension plan investments, and pension plan changes in proportionate share.

1. Summary of Significant Accounting Policies

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

9. Classifications of Net Position

Net position in government-wide statements is classified in the following categories:

Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

10. Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Board 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 are imposed by law through constitutional provisions or enabling legislation.

1. Summary of Significant Accounting Policies

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

10. Classifications of Fund Balances (Continued)

Committed - amounts that can be used only for the specific purposes imposed by formal action of the 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.

Assigned - amounts in the assigned fund balance classification are for the amounts the Board intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board has designated the Executive Director as having authority to assign fund balance.

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

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

11. Minimum Fund Balance

The Board has adopted a minimum fund balance policy to provide for operating expenditure needs for the General Fund. The Board has determined the need to maintain a minimum unassigned fund balance in the General Fund to provide for six months of operating expenditures in the event of delay in receiving grant funding from the state.

1. Summary of Significant Accounting Policies

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

12. 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 June 30, 2016, the Board had $265,031 on deposit with Wells Fargo Bank in checking accounts. The Board has established a $10 change fund.

The Board is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The Board is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

2. Detailed Notes

A. Assets

1. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. As of June 30, 2016, the Board's deposits were exposed to custodial credit risk in the amount of $16,534.

2. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Furniture and equipment	$ 78,133	$ -	$ -	$ 78,133
Less: accumulated depreciation for				
Furniture and equipment	69,308	3,538	-	72,846
Total Capital Assets Depreciated, Net	$ 8,825	$ (3,538)	$ -	$ 5,287

Depreciation expense of $3,538 was charged to the health function.

B. Liabilities

1. Compensated Absences

Changes in the Board's compensated absences balances are:

Payable - July 1, 2015	$ 1,096
Net change in compensated absences	4
Payable and due within one year - June 30, 2016	$ 1,100

2. Detailed Notes

B. Liabilities (Continued)

2. Leases

Operating Lease

The Board leases office space under an operating lease. Total costs for the lease were $15,600 for the year ended June 30, 2016. The future minimum lease payments for the lease are as follows:

Year Ending June 30	Amount
2017	$ 15,600

Capital Lease

The Board has entered into a lease agreement as lessee for financing the acquisition of a copier. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease consists of the following at June 30, 2016.

	Maturity	Installment	Payment Amount	Original	Balance
Copier	2020	Monthly	$ 92	$ 5,520	$ 4,048

The amount of the capital lease balance due within one year is $1,104.

The future minimum lease obligations as of June 30, 2016, were as follows:

Year Ended June 30	Governmental Activities
2017	$ 1,104
2018	1,104
2019	1,104
2020	736
Total	$ 4,048

3. Defined Benefit Pension Plan

A. Plan Description

All full-time and certain part-time employees of the Board are covered by defined benefit pension 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

B. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph 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 their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual

3. Defined Benefit Pension Plan

B. Benefits Provided (Continued)

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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under 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, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

C. Contributions

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. Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary for the year ended June 30, 2016.

During the current year, the Board was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50

The Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014.

The Board’s contributions for the General Employees Retirement Fund for the year ended June 30, 2016, were $10,289. The contributions are equal to the contractually required contributions as set by state statute.

3. Defined Benefit Pension Plan (Continued)

D. Pension Costs

At June 30, 2016, the Board reported a liability of $123,010 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Board's proportion was 0.0023 percent. It was 0.0023 percent measured as of June 30, 2014. The Board recognized pension expense of $11,052 for its proportionate share of the General Employees Retirement Fund's pension expense.

The Board reported its proportionate share of the General Employees Retirement Fund's 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 economic experience	$ 1,198	$ 6,202
Changes in actuarial assumptions	8,042	-
Difference between projected and actual investment earnings	11,645	23,722
Changes in proportion	-	6,058
Contributions paid to PERA subsequent to the measurement date	10,289	-
Total	$ 31,174	$ 35,982

3. Defined Benefit Pension Plan

D. Pension Costs (Continued)

The $10,289 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2017	$ (4,463)
2018	(4,463)
2019	(9,082)
2020	2,911

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. The cost of living benefit increases for retirees were assumed to be 1.0 percent effective every January 1 through 2035, and 2.5 percent thereafter. The assumption used for the June 30, 2014, valuation included cost of living benefit increases for retirees of 1.0 percent effective every January 1 through 2030, and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014.

3. Defined Benefit Pension Plan

E. Actuarial Assumptions (Continued)

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Defined Benefit Pension Plan (Continued)

G. Pension Liability Sensitivity

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	$ 193,416	$ 123,010	$ 64,866

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

4. Risk Management

The Board 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 Board 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 fiscal years.

4. Risk Management (Continued)

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 $490,000 per claim in 2015 and $500,000 per claim in 2016. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the Board in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the Board pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the Board 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 Board expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

EXHIBIT A-1

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY GENERAL EMPLOYEES RETIREMENT FUND JUNE 30, 2016

Fiscal Year Ending	Employer's Proportion of Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0023%	$ 117,063	$ 132,690	88.22%	78.75%
2016	0.0023	123,010	137,195	89.66	78.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined June 30 of the previous year.

SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

EXHIBIT A-2

SCHEDULE OF CONTRIBUTIONS GENERAL EMPLOYEES RETIREMENT FUND JUNE 30, 2016

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	$ 9,787	$ 9,787	$ -	$ 132,690	7.38%
2016	10,289	10,289	-	137,195	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined June 30 of the previous year.

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Changes in Significant Plan Provision, Actuarial Methods, and Assumption

General Employees Retirement Fund

For Coordinated Plan members, employer contributions increased from 6.25 percent in 2014 to 6.50 percent in 2015. Employer contributions for Coordinated Plan members increased from 7.25 percent in 2014 to 7.50 percent in 2015.

For the June 30, 2015, valuation, the cost of living benefit increases for retirees were assumed to be 1.0 percent effective every January 1 through 2035, and 2.5 percent thereafter. The assumption used for the June 30, 2014, valuation included cost of living benefit increases for retirees of 1.0 percent effective every January 1 through 2030, and 2.5 percent thereafter.

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Management and
Compliance Section

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SOUTHEASTERN MINNESOTA EMERGENCY MEDICAL SERVICES JOINT POWERS BOARD ROCHESTER, MINNESOTA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016

MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

Finding 2016-001

Insufficient Collateral

Criteria: Government entities are required by Minn. Stat. § 118A.03, subds. 1 and 3, to obtain collateral or a corporate surety bond to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day. The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Condition: The Southeastern Minnesota Emergency Medical Services Joint Powers Board (the Board) had deposits at Wells Fargo Bank that were not adequately covered by federal deposit insurance coverage (FDIC) on June 30, 2016.

Context: Deposits in excess of FDIC insurance were $16,534 on June 30, 2016.

Effect: When there is insufficient collateral with a bank, the Board may not receive all deposits in the event of bank default.

Cause: Prior to January 1, 2016, Olmsted County held the reserve account and was responsible for obtaining appropriate collateral. When the Board moved accounts to Wells Fargo Bank, it was unaware of the legal requirements related to federal deposit insurance coverage.

Recommendation: We recommend the Board establish procedures to monitor its deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

Client's Response:

The Southeastern Minnesota Emergency Medical Services Joint Powers Board will establish a procedure in which the regional office will receive a monthly statement from the Federal Reserve assuring adequate collateral is pledged to secure deposits in both accounts held at Wells Fargo Bank in accordance with Minn. Stat. § 118A.03.

PREVIOUSLY REPORTED ITEM RESOLVED

Audit Adjustments (2015-001)

Management and employees, in the normal course of performing their assigned functions, were not able to prevent, or detect and correct, misstatements of the financial statements on a timely basis.

Resolution

There were no material or significant audit adjustments required in our current audit of the Board's financial statements.

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Joint Powers Board
Southeastern Minnesota Emergency Medical Services
Joint Powers Board
Rochester, 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 Southeastern Minnesota Emergency Medical Services Joint Powers Board (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 27, 2016.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the Board administers no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that the Southeastern Minnesota Emergency Medical Services Joint Powers Board failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, except as described in the Schedule of Findings and Recommendations as item 2016-001. 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 Board's noncompliance with the above referenced provisions.

The Board's written response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Recommendations. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Joint Powers Board and management of the Southeastern Minnesota Emergency Medical Services Joint Powers Board 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	*/s/Greg Hierlinger*
REBECCA OTTO STATE AUDITOR	GREG HIERLINGER, CPA DEPUTY STATE AUDITOR

October 27, 2016