Financial Statements
September 30, 2022 and 2021

Fair Meadow Nursing Home

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Independent Auditor's Report

The Board of Directors
Fair Meadow Nursing Home
Fertile, Minnesota

Opinion

We have audited the financial statements of the business-type activities of Fair Meadow Nursing Home (the Home), as of and for the years then ended September 30, 2022 and 2021 , and the related notes to the financial statements, which collectively comprise the Home's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Home, as of September 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Home, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Home will continue as a going concern. As discussed in Note 12 to the financial statements, the Home has suffered recurring losses from operations and has a net position deficiency, and has stated that substantial doubt exists about the Home's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 7, the Schedule of the Home's Proportionate Share of the Net Pension Liability, and the Schedule of the Home's Contributions on page 31 to be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Eide Bailly LLP

Fargo, North Dakota
August 22, 2023

The following discussion and analysis for Fair Meadow Nursing Home's (Home) financial performance provides an overview of the Home's financial activities for the years ended September 30, 2022, 2021, and 2020. Please read it in conjunction with the Home's financial statements, which follow this analysis.

Financial Highlights

- The Home's net position decreased in the current fiscal year from a negative net position of $1,679,087 as of September 30, 2021 to a negative net position of $2,257,679 as of September 30, 2022. The Home's net position increased in 2020 from a negative net position of $2,386,181 as of September 30, 2020 to a negative net position of $1,679,087 as of September 30, 2021.

- Operating revenue increased $552,921 or 10.0% during the current fiscal year. At the same time, operating expenses increased $1,083,093 or 19.4%. Operating revenue increased $109,844 or 2% from fiscal year 2020 to 2021 while operating expenses decreased $56,037 or -1% during the same time period.

- The Home showed an operating loss for the current fiscal year of $544,894 compared to an operating loss of $14,722 as of September 30, 2021, and an operating loss of $180,603 as of September 30, 2020.

Using This Annual Report

The Home's financial statements consist of three statements – a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Home.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the Home's finances is, "Is the Home as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Home's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Home's net position and changes in them. You can think of the Home's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Home's financial health or financial position. Over time, increases or decreases in the Home's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Home's resident base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Home.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and capital related financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

The Home's Net Position

The Home's net position is the difference between its assets, deferred outflows of resources, liabilities, and deferred inflows of resources reported in the Statement of Net Position on pages 8 and 9. The Home's net position decreased by $578,592 as of September 30, 2022, and increased by $707,094, and decreased $332,397 as of September 30, 2021 and 2020 as you can see in Table 1.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	2022	2021	2020
Assets and Deferred Outflows of Resources			
Current assets	$ 815,454	$ 1,056,316	$ 1,252,128
Capital assets	3,283,991	3,508,062	3,700,067
Deferred outflows of resources	930,848	1,341,420	308,667
Total assets and deferred outflows of resources	$ 5,030,293	$ 5,905,798	$ 5,260,862
Liabilities and Deferred Inflows of Resources			
Current liabilities	$ 675,846	$ 631,620	$ 888,018
Long-term debt, less current maturities	3,292,105	3,455,737	4,198,338
Net pension liability	3,136,333	1,823,481	2,464,133
Deferred inflows of resources	183,688	1,674,047	96,554
Total liabilities and deferred inflows of resources	7,287,972	7,584,885	7,647,043
Net Position			
Net investment in capital assets	(158,114)	(114,598)	(694,463)
Restricted - expendable	23,705	-	-
Unrestricted	(2,123,270)	(1,564,489)	(1,691,718)
Total net position	(2,257,679)	(1,679,087)	(2,386,181)
Total liabilities, deferred inflows of resources, and net position	$ 5,030,293	$ 5,905,798	$ 5,260,862

Operating Results and Changes in the Home's Net Position

Total operating revenue for the Home for the year ended September 30, 2022 was $6,109,398 compared to $5,556,477 for September 30, 2021 and $5,446,633 for September 30, 2020. The increase in operating revenue in year over year is mostly due to the change to the patient driven payment model in 2020 and increased rates.

Total operating expenses increased to $6,654,292 during 2022 compared to $5,571,199 in 2021, which was mainly due to increases in administrative and general expenses. Operating expenses for the year ended September 30, 2021 decreased to $5,571,199 from $5,627,236 over the year ended September 30, 2020, which was mainly due to decreases in administrative and general expenses.

Table 2: Operating Results and Changes in Net Position

	2022	2021	2020
Operating Revenues			
Net resident service revenue	$ 6,037,456	$ 5,527,345	$5,398,295
Other revenues	71,942	29,132	48,338
Total operating revenues	6,109,398	5,556,477	5,446,633
Operating Expenses	6,654,292	5,571,199	5,627,236
Operating Loss	(544,894)	(14,722)	(180,603)
Nonoperating Income (Expenses), Net	(18,750)	797,271	(67,285)
Revenues in Excess of (Less Than) Expenses Before Capital Contributions and Transfers	(563,644)	782,549	(247,888)
Capital Contributions	58,171	60,303	33,541
Transfers to the City of Fertile	(73,119)	(135,758)	(118,050)
Increase (Decrease) in Net Position	(578,592)	707,094	(332,397)
Net Position, Beginning of Year	(1,679,087)	(2,386,181)	(2,053,784)
Net Position, End of Year	$ (2,257,679)	$ (1,679,087)	$ (2,386,181)

The Home's Cash Flows

Cash, cash equivalents and restricted cash decreased from $483,868 in 2021 to $116,594 in 2022. Cash, cash equivalents and restricted cash decreased from $652,330 in 2020 to $483,868 in 2021.

Capital Assets and Debt Administration

Capital Assets

The Home had capital assets, net of accumulated depreciation, amounting to $3,283,992, $3,508,062, and $3,700,067, as of September 30, 2022, 2021, and 2020. This investment in capital assets includes land, buildings, and equipment.

Long-Term Debt

At the end of 2022, the Home had $3,442,105 in long-term debt and obligations under capital leases including the current portion. This is a decrease of $180,555 from 2021. At the end of 2021, the Home had $3,622,660 in long-term debt and obligations under capital leases including the current portion. This was a decrease of $771,870 from 2020. The majority of the existing obligations relate to the capital lease with the City of Fertile regarding the Assisted Living facility.

Contacting the Home's Financial Management

This financial report is designed to provide residents, suppliers, and creditors with a general overview of the Home's finances and to show the Home's accountability for the money it receives. If you have questions about this report or need additional information, please contact Sandy Larsen, Interim Administrator at Fair Meadow Nursing Home, PO Box 8, Fertile, MN 56540. Phone number 218-945-6194.

	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 116,594	$ 483,868
Resident receivables, net of estimated uncollectibles of $10,878 in 2022 and 2021	662,605	520,928
Prepaid expenses	9,853	28,728
Supplies	26,402	22,792
Total current assets	815,454	1,056,316
Capital Assets		
Capital assets not being depreciated	4,139	4,139
Capital assets being depreciated, net	3,279,852	3,503,923
Total capital assets, net	3,283,991	3,508,062
Total assets	4,099,445	4,564,378
Deferred Outflows of Resources		
Pension related deferred outflows	930,848	1,341,420
Total assets and deferred outflows of resources	$ 5,030,293	$ 5,905,798

	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	$ 150,000	$ 166,923
Accounts payable		
Trade	116,592	52,193
Accrued expenses		
Salaries and wages	55,427	103,226
Vacation	160,521	157,435
Sick leave	135,069	121,895
Payroll taxes and other	50,045	21,756
Interest	8,192	8,192
Total current liabilities	675,846	631,620
Noncurrent Liabilities		
Long-term debt, less current maturities	3,292,105	3,455,737
Net pension liability	3,136,333	1,823,481
Total noncurrent liabilities	6,428,438	5,279,218
Total liabilities	7,104,284	5,910,838
Deferred Inflows of Resources		
Pension related deferred inflows	183,688	1,674,047
Net Position		
Net investment in capital assets	(158,114)	(114,598)
Restricted - expendable for capital acquisition	23,705	-
Unrestricted	(2,123,270)	(1,564,489)
Total net position	(2,257,679)	(1,679,087)
Total liabilities, deferred inflows of resources, and net position	$ 5,030,293	$ 5,905,798

	2022	2021
Operating Revenues		
Net resident service revenue (net of provision for bad debts of $0 in 2022 and $32,223 in 2021)	$ 6,037,456	$ 5,527,345
Other revenues	71,942	29,132
Total operating revenues	6,109,398	5,556,477
Operating Expenses		
Nursing	2,866,900	2,390,939
Dietary	570,443	495,134
Plant operations and maintenance	487,512	435,592
Other care related	274,417	263,499
Housekeeping	130,032	122,185
Laundry	87,560	86,229
Rehabilitation services	45,917	44,768
Administrative and general	613,421	545,784
Payroll taxes and employee benefits	1,220,724	812,379
Surcharge	118,230	118,230
Depreciation	239,136	256,460
Total operating expenses	6,654,292	5,571,199
Operating Loss	(544,894)	(14,722)
Nonoperating Income (Expense)		
Interest expense	(128,670)	(132,792)
Interest income	145	298
COVID-19 related income	109,775	343,774
Contributions	-	20,000
Forgiveness of paycheck protection program loan	-	569,455
Loss on disposal of capital assets	-	(3,464)
Total nonoperating income (expense), net	(18,750)	797,271
Revenues in Excess of (Less Than) Expenses Before Capital Contributions and Transfers	(563,644)	782,549
Capital Contributions	58,171	60,303
Transfers to the City of Fertile	(73,119)	(135,758)
Increase (Decrease) in Net Position	(578,592)	707,094
Net Position, Beginning of Year	(1,679,087)	(2,386,181)
Net Position, End of Year	$ (2,257,679)	$ (1,679,087)

	2022	2021
Operating Activities		
Receipts from and on behalf of residents	$ 5,895,779	$ 5,563,040
Other receipts and payments, net	71,942	29,132
Payments to employees	(3,974,491)	(3,264,383)
Payments to suppliers, contractors, and others	(2,131,186)	(2,166,752)
Net Cash From (Used For) Operating Activities	(137,956)	161,037
Noncapital Financing Activities		
Provider Relief Funds received	-	128,784
Contributions and grants received	109,775	20,000
Net Cash From Noncapital Financing Activities	109,775	148,784
Capital and Capital Related Financing Activities		
Purchase and construction of capital assets	(15,065)	(64,455)
Principal paid on long-term debt	(81,370)	(111,173)
Interest paid on long-term debt	(45,345)	(46,617)
Cash paid for lease liabilities - principal portion	(99,185)	(91,242)
Cash paid for lease liabilities - interest portion	(83,325)	(86,175)
Loss on disposal of assets	-	(3,464)
Transfers to the City of Fertile	(73,119)	(135,758)
Capital contributions	58,171	60,303
Net Cash Used For Capital and Capital Related Financing Activities	(339,238)	(478,581)
Investing Activity		
Interest income	145	298
Net Decrease in Cash and Cash Equivalents	(367,274)	(168,462)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	483,868	652,330
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 116,594	$ 483,868
Supplemental Disclosures of Non-cash Financing Activities		
Forgiveness of Paycheck Protection Program loan	$ -	$ 569,455

	2022	2021
Reconciliation of Operating Loss to Net Cash From (Used For) Operating Activities		
Operating loss	$ (544,894)	$ (14,722)
Adjustments to reconcile operating loss to net cash from (used for) operating activities		
Depreciation	239,136	256,460
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Receivables	(141,677)	35,695
Supplies	(3,610)	(8,083)
Prepaid expenses	18,875	(262)
Deferred outflows of resources	410,572	(1,032,753)
Accounts payable	64,399	(39,080)
Accrued expenses	(3,250)	26,941
Net pension liability	1,312,852	(640,652)
Deferred inflows of resources	(1,490,359)	1,577,493
Net Cash From (Used For) Operating Activities	$ (137,956)	$ 161,037

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of Fair Meadow Nursing Home (Home) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Home are described below.

Reporting Entity

The Home operates a 42-bed long-term care facility providing care to chronically ill or convalescent persons pursuant to Minn. Stat. § 376.55-.60 located in Fertile, Minnesota. The Home operates a 19-unit assisted living facility under a capital lease with the City of Fertile. The Home is organized as an enterprise fund of the City of Fertile, Minnesota (City).

For financial reporting purposes, the Home has included all funds, organizations, agencies, boards, commissions, and authorities. The Home has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Home are such that the exclusion would cause the Home's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Home to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Home. The Home does not have a component unit which meets the GASB criteria.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Home's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following categories/components:

Net investment in capital assets consists of net capital assets reduced by the outstanding balance of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted Net Position

Restricted – expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Restricted – nonexpendable net position is subject to externally imposed stipulations which require them to be maintained by the Home.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Home's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include deposits and highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Home considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Resident Receivables

Resident receivables are uncollateralized resident and third-party payor obligations. Payments of resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Home analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

The Home's process for calculating the allowance for doubtful accounts for self-pay residents has not significantly changed from September 30, 2021 to September 30, 2022. The Home does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or net realizable value, and are expensed when used.

Capital Assets

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation in the financial statements. The estimated useful lives of capital assets are as follows:

Land improvements	5-20 years
Buildings and improvements	10-35 years
Equipment	5-15 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of (less than) expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Right to use leased assets are recognized at the lease commencement date and represent Home's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 5 to 35 years.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consists of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

Resident Trust Funds

The Home acts as custodian for the funds of the residents. These funds are included in cash and accounts payable in these financial statements. Resident trust funds totaled $838 at September 30, 2022 and 2021.

Compensated Absences

The Home's employees earn vacation at varying rates depending on years of service. Vacation days due an employee must not accrue to more than 24 days. Employees also earn sick leave benefits based on a fixed rate depending on years of service. Employees may accumulate sick leave up to a specified maximum. The Home has a sick leave policy under which employees with at least one year of continuous service will be paid their accumulated sick leave balance upon termination or retirement.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension 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 reported by PERA, except that PERA's fiscal year end is June 30. 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. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods and will not be recognized as an inflow of resource (revenue) until that time. Deferred inflows of resources in the statement of net position consists of unrecognized items not yet offset to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Operating Revenues and Expenses

The Home's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Home result from exchange transactions associated with providing health care services - the Home's principal activity, and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Resident Service Revenue

Net resident service revenue is reported at established billing rates which are determined on a contract-based reimbursement system as prescribed by Minnesota Department of Human Services regulations. The Home participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate that varies based on a case-mix adjusted resident classification system.

Resident service revenue from the assisted living facility is reported at established billing rates determined by the Home's management and the Board of Directors.

Grants and Contributions

The Home may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of (less than) expenses.

Long-Term Obligations

Lease Liabilities represent the Home's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Home.

Implementation of GASB Statement No. 87

As of October 1, 2022, the Home adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Home did not recognize any additional right of use assets or lease liabilities as a result of this standard implementation. As such, there was no effect on beginning net position. The disclosures required by this standard are included in Notes 6 and 7.

Note 2 - Net Resident Service Revenue

A summary of resident service revenue, contractual adjustments, and provision for bad debts for the years ended September 30, 2022 and 2021 are as follows:

	2022	2021
Resident service revenue	$ 6,149,709	$ 5,677,400
Contractual adjustments - Medicare	(112,253)	(117,832)
Provision for bad debts	-	(32,223)
Net resident service revenue	$ 6,037,456	$ 5,527,345

Revenue from the Medicaid and Medicare programs accounted for approximately 64% and 4% of the Home's net resident service revenue for the year ended September 30, 2022 and 59% and 6% for the year ended September 30, 2021.

Note 3 - COVID-19 Funds

The Home received $0 and $128,784 during 2022 and 2021, respectively, of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has various deadlines to incur eligible expenses based upon when the funds were received. Unspent funds will be expected to be repaid.

These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of September 30, 2022 and 2021, the Home had a liability of $0. During the year ended September 30, 2022 and 2021, the Home recognized $0 and $329,845 of Provider Relief funds as revenue, included as nonoperating activities on the statement of revenues, expenses, and changes in net position. Total revenues related to COVID-19 from other sources totaled $109,775 and $33,928 for 2022 and 2021, respectively.

Note 4 - Deposits

The carrying amount of deposits as of September 30, 2022 and 2021 are included in the Home's statement of net position as follows:

	2022	2021
Cash and cash equivalents	$ 116,594	$ 483,868

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or investment company failure, the Home's deposits may not be returned to it. State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts and requires that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution in the name of the Home. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. The Home's cash and deposits consist of cash, checking, and savings accounts, together with cash balances held by the Treasurer of the City of Fertile (City) are under the responsibility of the City for required collateralization.

The Home's deposits in banks at September 30, 2022 and 2021 were entirely covered by federal depository insurance or by collateral held by the Home's custodial bank in the Home's name.

Note 5 - Capital Assets

Capital assets additions, retirements, and balances for the years ended September 30, 2022 and 2021 are as follows:

	Balance September 30, 2021	Additions	Retirements/ transfers	Balance September 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 4,139	$ -	$ -	$ 4,139
Capital Assets Being Depreciated				
Land improvements	$ 130,976	$ -	$ -	$ 130,976
Buildings and fixed equipment	6,848,944	8,245	-	6,857,189
Equipment	1,019,652	6,820	-	1,026,472
Total capital assets being depreciated	7,999,572	$ 15,065	$ -	8,014,637
Less Accumulated Depreciation for				
Land improvements	$ (114,217)	$ (4,388)	$ -	$ (118,605)
Buildings and fixed equipment	(3,424,756)	(223,536)	-	(3,648,292)
Equipment	(956,676)	(11,212)	-	(967,888)
Total accumulated depreciation	(4,495,649)	$ (239,136)	$ -	(4,734,785)
Net capital assets being depreciated	3,503,923			3,279,852
Capital Assets, Net	$ 3,508,062			$ 3,283,991

	Balance September 30, 2020	Additions	Retirements/ transfers	Balance September 30, 2021
Capital Assets Not Being Depreciated				
Land	$ 4,139	$ -	$ -	$ 4,139
Capital Assets Being Depreciated				
Land improvements	$ 130,976	$ -	$ -	$ 130,976
Buildings and fixed equipment	6,845,526	45,735	(42,317)	6,848,944
Equipment	1,023,565	22,184	(26,097)	1,019,652
Total capital assets being depreciated	$ 8,000,067	$ 67,919	$ (68,414)	$ 7,999,572
Less Accumulated Depreciation for				
Land improvements	$ (105,782)	$ (8,435)	$ -	$ (114,217)
Buildings and fixed equipment	(3,225,916)	(237,693)	38,853	(3,424,756)
Equipment	(972,441)	(10,332)	26,097	(956,676)
Total accumulated depreciation	(4,304,139)	$ (256,460)	$ 64,950	(4,495,649)
Net capital assets being depreciated	3,695,928			3,503,923
Capital Assets, Net	$ 3,700,067			$ 3,508,062

Note 6 - Capital Lease Obligations

The Home leases certain buildings, land improvements, and equipment under long-term capital leases. Additional terms of this lease arrangement are disclosed in Note 7. The capitalized leased assets consist of the following as of September 30, 2022 and 2021:

	2022	2021
Building and fixed equipment	$ 2,893,133	$ 2,893,133
Land improvements	68,894	68,894
Equipment	24,110	24,110
Less accumulated depreciation	(1,503,063)	(1,358,294)
	$ 1,483,074	$ 1,627,843

Minimum future lease payments for the capital leases are as follows:

Years Ending September 30,	Principal	Interest
2023	$ 100,000	$ 80,383
2024	103,750	77,363
2025	105,000	74,250
2026	108,750	71,100
2027	113,750	67,838
2028-2032	625,000	285,544
2033-2037	747,500	168,997
2038-2042	196,695	25,900
	$ 2,100,445	$ 851,375

Note 7 - Long-Term Debt

A schedule of changes in the Home's long-term debt for the years ended September 30, 2022 and 2021 is as follows:

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022	Amounts Due Within One Year
Notes Payable					
Due to City - Construction (2)	$ 31,370	$ -	$ (31,370)	$ -	$ -
Bonds Payable					
2016A Taxable General Obligation Nursing Home Bonds (4)	431,660	-	(50,000)	381,660	50,000
2016B General Obligation Nursing Home Bonds (5)	960,000	-	-	960,000	-
Capital Leases - Note 6					
Capital lease - Assisted Living (1)	2,199,630	-	(99,185)	2,100,445	100,000
Total long-term debt	$ 3,622,660	$ -	$ (180,555)	$ 3,442,105	$ 150,000

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021	Amounts Due Within One Year
Notes Payable					
Due to City - Construction (2)	$ 77,236	$ -	$ (45,866)	$ 31,370	$ 18,173
City of Fertile (3)	11,967	-	(11,967)	-	-
PPP Promissory note (6)	569,455	-	(569,455)	-	-
Bonds Payable					
2016A Taxable General Obligation Nursing Home Bonds (4)	485,000	-	(53,340)	431,660	50,000
2016B General Obligation Nursing Home Bonds (5)	960,000	-	-	960,000	-
Capital Leases - Note 6					
Capital lease - Assisted Living (1)	2,290,872	-	(91,242)	2,199,630	98,750
Total long-term debt	$ 4,394,530	$ -	$ (771,870)	$ 3,622,660	$ 166,923

(1) The Home entered into a capital lease with the Economic Development Authority for the Assisted Living capital assets. The lease requires monthly payments based on the bond payment schedule issued by the Economic Development Association. Monthly payments, including interest, at an imputed interest rate of 4.15%, are required through November 2039. The obligation is secured by the leased building, equipment, and land improvements.

(2) During construction of the Assisted Living, additional project costs were covered by a $145,386 note to the City of Fertile. The note has been paid in full.

(3) During 2015, the City of Fertile issued a note payable to the Home for $285,831 to be drawn as needed in order to help fund operating deficits. The note has been paid in full.

(4) In 2016, the City of Fertile issued $595,000 in Taxable General Obligation Nursing Home Bonds (Series 2016A) dated August 1, 2016. The bonds have interest rates of 2.0% to 3.3% and are due in varying semi-annual installments including interest to February 2029.

(5) In 2016, the City of Fertile issued $960,000 in General Obligation Nursing Home Bonds (Series 2016B) dated August 1, 2016. The bonds have interest rates of 3.0% to 4.0% and are due in varying semi-annual installments including interest to February 2042.

(6) In 2020, the Home was granted a $569,455 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. In 2020, the Home has recorded a note payable. There were provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain criteria like maintaining full time equivalent employees. As of September 30, 2021, the full amount of $569,455 has been forgiven and is recorded as nonoperating revenue.

Scheduled principal and interest payments on the long-term debt and capital lease obligations are as follows:

Years Ending September 30,	Principal	Interest
2023	$ 150,000	$ 124,543
2024	153,750	121,543
2025	160,000	117,030
2026	163,750	112,410
2027	168,750	107,471
2028-2032	935,000	446,762
2033-2037	1,102,500	283,332
2038-2042	608,355	68,800
Total	$ 3,442,105	$ 1,381,891

Note 8 - Defined Benefit Pension Plan – Statewide

A. Plan Description

The Home participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 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 Plan

All full-time and certain part-time employees of the [entity's name] are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and 2021. The Home was required to contribute 7.50% for Coordinated Plan members in 2022 and 2021. The Home's contributions to the General Employees Fund for the year ended September 30, 2022 and 2021 were $226,574 and $219,191.

D. Pension Costs

At September 30, 2022 and 2021, the Home reported a liability of $3,136,333 and $1,823,481 for its proportionate share of the General Employees Funds net pension liability. The Home's net pension liability reflected an increase due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Home totaled $92,036.

The net pension liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Home's proportion of the net pension liability was based on the Home's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022 and July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the Home's proportion share was .0396%, which was a decrease of .0031% from its proportion measured as of June 30, 2021.

The Home's proportionate share of the net pension liability	$ 3,136,333
State of Minnesota's proportionate share of the net pension liability associated with the Home	92,036
Total	$ 3,228,369

For the years ended September 30, 2022 and 2021, the Home recognized pension expense of $485,725 and $177,177 for its proportionate share of the GERF's pension expense. In addition, the Home recognized an additional $92,036 as pension expense for its proportionate share of the State of Minnesota contribution of $16 million to the General Employees Fund.

At September 30, 2022, the Home reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows Of Resources	Deferred Inflows of Resources	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 26,197	$ (36,005)	$ 10,127	$ (55,561)
Changes in Actuarial Assumptions	763,696	(13,239)	1,113,380	(38,074)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		(35,156)	-	(1,580,412)
Changes in Proportion and Differences Between Home's Contributions and Proportionate Share of Contributions	82,518	(99,288)	161,858	-
Home Contributions Subsequent to the Measurement Date	58,437		56,055	-
	$ 930,848	$ (183,688)	$ 1,341,420	$ (1,674,047)

The $58,437 in 2022 and $56,055 in 2021 reported as deferred outflows of resources resulted from the Home's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ended September 30, 2022 and 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended September 30,	
2023	$ 295,526
2024	273,879
2025	(164,315)
2026	283,633
	$ 688,723

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%

F. Actuarial Methods Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund
Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. 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.

H. Pension Liability Sensitivity

The following presents the Home's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the Home's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate.

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
September 30, 2022			
GERF discount rate	5.5%	6.5%	7.5%
Home's Proportionate Share of the Net Pension Liability	$ 4,954,002	$ 3,136,333	$ 1,645,564
September 30, 2021			
GERF discount rate	5.5%	6.5%	7.5%
Home's Proportionate Share of the Net Pension Liability	$ 3,718,971	$ 1,823,481	$ 268,116

Pension Plan Fiduciary Net Position

Detailed information about each 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.

Note 9 - Related Party Transactions

As discussed in Note 1, the Home is an enterprise fund of the City of Fertile, Minnesota. The City leases the Assisted Living building and equipment to the Home under a capital lease (Note 6 and 7). For the years ended September 30, 2022 and 2021, the Home owes the City $2,100,445 and $2,231,000 related to the capital lease and notes payable. In addition, the Home transferred $73,199 and $135,758 to the City during the years ended September 30, 2022 and 2021.

Note 10 - Concentration of Credit Risk

The Home grants credit without collateral to its residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and residents at September 30, 2022 and 2021 was as follows:

	2022	2021
Medicaid	66%	72%
Medicare	17%	12%
Residents & Other	17%	16%
	100%	100%

Note 11 - Contingencies

Risk Management

The Home is exposed to various risks of loss from torts; theft of, damage, of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Malpractice Insurance

The Home has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigations, Claims, and Disputes

The Home is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Home.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from resident services.

Note 12 - Financial Condition

The Home’s financial statements have been prepared assuming the Home will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Home experienced a decrease in total net position to $(2,257,679) as of September 30, 2022 from $(1,679,087) as of September 30, 2021. Days cash on hand also decreased to 6.7 days at September 30, 2022 from 33.3 days at September 30, 2021. The Home has made some changes to its management structure and is currently exploring various cost containment measures. The financial statements do not include any adjustments to reflect the possible future effects on the profitability and classification of assets and the amounts and classification of liabilities that may result from the possible inability of the Home to continue as a going concern.

Note 13 - Subsequent Events

The Home has evaluated subsequent events through August 22, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information
September 30, 2022 and 2021

Fair Meadow Nursing Home

Schedule of the Home's Proportionate Share of Net Pension Liability
Public Employees General Employees Retirement Fund
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Home's proportion of the net pension liability (asset)	0.0396%	0.0427%	0.0411%	0.0386%	0.0371%	0.0358%	0.0341%	3.9700%
Home's proportionate share of the net pension liability (asset)	$ 3,136,333	$ 1,823,481	$ 2,464,133	$ 2,134,108	$ 2,058,156	$ 2,285,448	$ 2,768,751	$ 2,057,460
Home's covered-employee payroll	$ 3,203,181	$ 2,974,792	$ 2,978,957	$ 2,776,777	$ 2,556,947	$ 2,348,066	$ 2,309,510	$ 2,190,967
Home's proportionate share of the net pension liability (asset) as percentage of its covered-employee payroll	97.91%	61.30%	82.72%	76.86%	80.49%	97.33%	119.88%	93.91%
Plan fiduciary net position as a percentage of the total pension liability	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%	78.19%

*Complete date for this schedule is not available prior to 2015

Data reported is measured as of June 30.

Schedule of the Home's Contributions
Public Employees Retirement Association of Minnesota
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 222,559	$ 230,702	$ 219,946	$ 204,692	$ 186,801	$ 173,141	$ 150,118	$ 142,413
Contributions in relation to the statutorily required contribution	$ 226,574	$ 219,191	$ 224,215	$ 176,656	$ 187,703	$ 178,735	$ 153,436	$ 147,529
Contribution excess (deficiency)	$ 4,015	$ (11,511)	$ 4,269	$ (28,036)	$ 902	$ 5,594	$ 3,318	$ 5,116
Home's covered-employee payroll	$ 3,203,181	$ 2,974,792	$ 2,978,957	$ 2,776,777	$ 2,556,947	$ 2,348,066	$ 2,309,510	$ 2,190,967
Contributions as a percentage of covered-employee payroll	7.07%	7.37%	7.53%	6.36%	7.34%	7.61%	6.64%	6.73%

*Complete date for this schedule is not available prior to 2015

Data reported is measured as of June 30.

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CPAs & BUSINESS ADVISORS

Minnesota Legal Compliance Independent Auditor's Report

The Board of Directors
Fair Meadow Nursing Home
Fertile, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Fair Meadow Nursing Home (Home) as of and for the year ended September 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2023.

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: 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.

In connection with our audit, nothing came to our attention that caused us to believe that the Home 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 Home's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, not to provide an opinion on compliance. This report is intended solely for the information and use of those charged with governance and management of Fair Meadow Nursing Home and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Fargo, North Dakota
August 22, 2023