Financial Statements
June 30, 2014

Miner's Colfax Medical Center

Independent Auditor's Report

To the Board of Trustees and Management
Miners' Colfax Medical Center and
Mr. Timothy Keller, New Mexico State Auditor
Raton, New Mexico

Report on the Financial Statements
We were engaged to audit the accompanying statement of net position of Miners' Colfax Medical Center (the Medical Center), as of June 30, 2014, and the related statement of revenues, expenses, and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements. We have also audited the schedule of revenues and expenses – budget and actual for the year ended June 30, 2014, the combining statement of net position as of June 30, 2014, and the combining statement of revenues and expenses and changes in net position for the year ended June 30, 2014, presented as supplementary information.

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 an opinion 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 Medical Center'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 Medical Center'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.

Basis for Disclaimer of Opinion
Because of the inadequacies in the Medical Center's accounting records due to significant accounting personnel changes and implementation of a new computerized patient accounting system we were unable to form an opinion regarding patient accounts receivables net of allowance for doubtful accounts, other receivables and the statement of revenues, expenses and changes in net position and statement of cash flows. We were unable to obtain sufficient appropriate audit evidence about the existence, completeness and cut-off of those account balances by performing other auditing procedures. In addition, we were unable to confirm or verify the value of the interest in the State Treasurers Investment Pool, which is stated on the statement of financial position at $1,216,885 (refer to footnote #4). As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded patient accounts receivable, interest in State Treasurers Investment Pool, and the elements that make the statement of revenues, expenses and changes in net position.

Disclaimer of Opinion
Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do no express an opinion on the financial statements referred to in the first paragraph.

Other Matter

Correction of Errors
The financial statements of Miners' Colfax Medical Center as of June 30, 2013, were audited by other auditors, whose report dated December 13, 2014, expressed an unmodified opinion on those statements. As part of our audit of the 2014 financial statements, we found audited adjustments described in Note 13 that were applied to restate the beginning net position as stated in the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Medical Center other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.

Required Supplementary Information
Management has omitted the Required Supplementary Information, management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our disclaimer of opinion on the basic financial statements is not affected by this missing information.

Other Matters
We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The combining and individual fund financial statements and individual fund budgetary comparison statements is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above in the Basis for Disclaimer of Opinion, it is inappropriate to and we do not express an opinion on the supplementary information previously mentioned.

The schedule of deposit and investment accounts and schedule of pledged collateral have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated January 08, 2016 on our consideration of Miners' Colfax Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
January 08, 2016

Miner's Colfax Medical Center
Statement of Net Position
June 30, 2014

	2014
Assets	
Current Assets	
Cash and cash equivalents	$ 526,745
Interest in State Treasurer Investment Pool	1,216,885
Receivables	
Patient accounts receivable, net of uncollectible accounts of $3,570,000	2,129,297
Estimated third-party payor settlements	1,430,942
Trust fund income receivable	99,231
Other	1,804,823
Supplies	579,086
Total current assets	7,787,009
Noncurrent Cash and Deposits	
Restricted funds held in escrow	1,000,000
Restricted deposits	2,941,769
Total noncurrent cash and deposits	3,941,769
Capital Assets	
Capital assets not being depreciated	935,099
Capital assets being depreciated, net	26,869,844
Total capital assets	27,804,943
	$ 39,533,721

	2014
Liabilities and Net Position	
Current Liabilities	
Current portion - compensated absences	$ 405,352
Current portion - capital leases	3,623
Current portion - bonds payable	910,000
Accounts payable	1,878,421
Accrued payroll and payroll taxes	166,393
Accrued employee benefits	120,257
Other accrued liabilities	25,752
Total current liabilities	3,509,798
Noncurrent Liabilities	
Compensated absences, net of current portion	45,039
Capital leases, net of current portion	13,538
Bonds payable, net of current portion	12,900,000
Total noncurrent liabilities	12,958,577
Total liabilities	16,468,375
Net Position	
Net investment in capital assets	9,675,542
Restricted	
Expendable for future permanent healthcare fund	1,000,000
Expendable for capital acquisition	2,875,507
Unrestricted	9,514,297
Total net position	23,065,346
	$ 39,533,721

	2014
Operating Revenues	
Net patient and resident service revenue, net of provision for bad debts $1,989,800	$ 17,450,178
Miners' Trust Fund income	3,234,299
Other revenue	1,327,231
Total operating revenues	22,011,708
Operating Expenses	
Salaries and wages	9,951,806
Employee benefits	3,839,497
Supplies and other	4,397,452
Purchased services	4,763,354
Depreciation and amortization	1,959,990
Total operating expenses	24,912,099
Operating loss	(2,900,391)
Non-Operating Revenue (Expense)	
Investment income	17,901
Interest expense	(333,705)
Noncapital federal grant revenue	216,948
Net non-operating expenses	(98,856)
Revenues Less than Expenses	(2,999,247)
Change in Net Position	(2,999,247)
Net Position, Beginning of Year, As Restated	26,064,593
Total Net Position, End of Year	$ 23,065,346

	2014
Operating Activities	
Receipts from customers	$ 16,821,878
Payments to suppliers	(8,120,059)
Payments to employees	(13,818,476)
Other receipts and payments, net	3,733,981
Net Cash used for Operating Activities	(1,382,676)
Noncapital Financing Activities	
Noncapital grants	216,948
Net Cash from Noncapital Financing Activities	216,948
Capital and Related Financing Activities	
Purchase of capital assets	(492,572)
Principal payments on bonds and capital lease obligations	(837,674)
Cash paid for interest expense	(307,953)
Net Cash used for Capital and Related Financing Activities	(1,638,199)
Investing Activities	
Purchase of restricted investments	(1,941,769)
Proceeds from the sale of investments	85,428
Investment income	17,901
Net Cash used for Investing Activities	(1,838,440)
Net Change in Cash and Cash Equivalents	(4,642,367)
Cash and Cash Equivalents, Beginning of Year	6,385,997
Cash and Cash Equivalents, End of Year	$ 1,743,630

	2014
Reconciliation of Cash and Cash Equivalents to the Balance Sheet	
Cash and cash equivalents in current assets	$ 526,745
Interest in State Treasurer Investment Pool	1,216,885
Total cash and cash equivalents	$ 1,743,630
Reconciliation of Operating Loss to Net Cash used for Operating Activities	
Operating loss	$ (2,900,391)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	1,959,990
Provision for bad debts	1,989,800
Changes in assets and liabilities	
Patient accounts receivable, net	(2,319,555)
Estimates third-party payor settlements	(298,545)
Trust fund income receivable	380,893
Other receivables	(1,208,442)
Supplies	(117,412)
Accounts payable	1,158,159
Accrued payroll	(90,073)
Compensated absences	62,900
Net Cash used for Operating Activities	$ (1,382,676)
Supplemental Disclosure of Non-cash Financing Activity	
Capital assets acquired through capital lease financing	$ 19,835

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the Miners' Colfax Medical Center (the Medical Center) 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 Medical Center are described below.

Reporting Entity

In 1898, the Miners' Trust was established under constitutional and statutory authority for the purpose of creating a "miners' hospital for disabled miners". The Miners' Hospital opened in 1906 in Raton, New Mexico. The original structure is located on approximately ten (10) acres of land, which was donated expressly for that purpose. While specifically created for miners, private patients from the area have been admitted since its inception, although their presence is not to interfere with the specific trust purpose.

In 1968, the State attempted to close Miners' Hospital and to redistribute the Trust funds to various state institutions so that miners could be served in distant parts of the State. In response, local miners convinced the U.S. District Attorney to sue the State of New Mexico for breach of trust (United States of America v. State of New Mexico, U.S. District Court, #9484 Civil, 1974). As a result, the State of New Mexico was forced to re-open the Miners' Hospital as a general, acute care hospital and to re-pay the Trust all funds that were diverted. The court found that the wording of the Trust was very specific in that it required the hospital to exist in Raton, New Mexico.

Faced with the possibility of not having a hospital for its citizens, Colfax County obtained federal Hill-Burton funds to construct a county hospital in 1970, which was named Northern Colfax County Hospital (NCCH). When Miners' Hospital was reopened, the community of Raton, with a population of approximately 8,000, had two hospitals. The economics of health care and the sparse population were insufficient to sustain the two hospitals. In December 1986, the Miners' Hospital was merged with the NCCH to form Miners' Colfax Medical Center. Although termed a merger, the transaction was more similar to an acquisition in that the State's control of the facility was virtually unchanged. Through fiscal year 2007, the former NCCH building served as the acute care hospital and the original Miners' Hospital building continues to be used as an extended care facility. The Medical Center moved into their new facility in November of 2007. Construction continued on certain components of the building throughout fiscal year 2008.

Miners' Colfax Medical Center (Medical Center) is governed by a five-member Board of Trustees (Board) appointed by the governor of New Mexico with State Senate confirmation. The Board consists of one licensed physician, two miners, and two members of the general public. The organization is a "stand alone" agency, reporting directly to the Governor's Office. The Medical Center has no component units. The Medical Center operates primarily on Trust funds and patient revenues. The budget is subject to legislative appropriation. It is a "non-reverting" agency, that is, unexpended funds or profits do not revert to the State's general fund, but rather are deposited in the Trust account, to be managed by the Board, according to 23-3-4 NMSA 1978.

The operations of the Medical Center are presented in the accompanying basic financial statements as a single proprietary fund of the enterprise type although the Medical Center maintains separate accounts for its Operating Fund and the Miners' Trust Fund. The Medical Center has no component units. The combining schedule of revenues and expenses and changes in fund position shows how revenues and expenses are segregated between these two internal funds.

The Medical Center operates a 25-bed acute care hospital, a 47 bed extended care facility, and various outpatient clinics in Raton. In addition, an outreach program serves mining communities throughout the state. Non-miners continue to be served, provided that they bear the costs of their care. The Medical Center also bills miners for their care if they have insurance coverage; however, miners without the ability to pay are served regardless. The majority of users of the acute care facility are non-miners. The great majority of extended care facility residents are former miners. The outreach program, which uses a mobile van equipped to do chest x-rays, pulmonary function testing, and audiology testing, serves miners exclusively.

Miners' Trust Fund

23-3-1, NMSA 1978 establishes the Miners' Trust Fund (Trust). The economic foundation of the Trust is land. The land is managed by the State Land Office and is held in trust for the Medical Center. Earnings derived from royalties from mineral, oil and gas production, along with receipts from the sale of surface rights, are placed in the State's permanent fund. The permanent fund is the Trust's corpus, which is invested by the State's Investment Council. The corpus cannot be used for operations of the Medical Center. The investment income derived from the corpus is available for operations of the Medical Center and has been reported in the statement of revenues, expenses and changes in net position. The corpus is not owned by the Medical Center and is not reported on the statement of net position.

Budgetary Data

The Medical Center prepares budgets that are submitted to the Legislative Finance Committee and the Department of Finance and Administration (DFA). Budgets are controlled at the "category" level, and amendments affecting a category must be approved by the DFA. Authority to make expenditures lapses at the end of each fiscal year. The budgets are prepared and presented using the modified accrual basis of accounting, except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline in accordance with Section 640-4 NMSA 1978.

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 Medical Center’s assets and liabilities, 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 balances 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 permanently by the Medical Center.
>
> *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 Medical Center’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 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Cash and Cash Equivalents

Cash and cash equivalents include business checking accounts maintained with local financial institutions and the New Mexico State Treasurer, cash on hand, and investments in highly-liquid debt instruments with an original maturity of three months or less, excluding restricted funds held in escrow and restricted investments or other arrangements under bond indenture agreements.

Patient and Resident Receivables

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

The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients, residents and third-party payors.

Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Supplies

Supplies consist of pharmaceutical, medical, and maintenance supplies valued at lower of cost (first-in, first-out) or market and are expensed when used.

Noncurrent Cash and Investments

Noncurrent cash and investments are set aside by the board designation and for restrictions by trustee for unspent bond proceeds to support the construction of a Rural Healthcare Clinic. In 1986 the Board of Directors designated $1,000,000 of funds to be placed in an escrow account to be invested in income-earning securities for the purposes of supporting Colfax County. After a period of twenty years, Colfax County will receive the accumulated income earned in order to establish a permanent health care fund. Any subsequent earnings will be remitted to the Colfax County for any lawful health care purpose, as determined by Colfax County. After seventy five years, the escrow account will be returned to the Board of Directors of the Medical Center.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in non-operating revenues when earned.

Capital Assets

Acquisitions of property and equipment, software, improvements and replacements of buildings or equipment with an initial individual cost of $5,000 and an estimated useful life in excess of one year are capitalized at cost. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of revenues, expenses and changes in net position. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from a high of 40 years for buildings and improvements to a low of 3 years for certain types of equipment. Interest on borrowings to finance facilities is capitalized during construction, net of any investment income earned during the temporary investment of project related borrowings. 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 and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position, and are excluded from revenues 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.

Contributions and Grant Revenue

From time to time, the Medical Center receives contributions from individuals and private organizations. Revenues from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met.

Grant revenue consists of reimbursement-based grants. Such grants are considered voluntary nonexchange transactions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33). GASB 33 requires that grants with eligibility requirements are not recognized until such time that all eligibility requirements have been met. Current grants are reimbursement-based grants and, accordingly, grant revenue is not recognized until the Medical Center has incurred an allowable expenditure under the terms of the grant agreement.

Contributions and grant revenue 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 non-operating revenues. Amounts restricted to capital acquisitions are reported after revenues less than expenses.

Donated Services and Goods

A substantial number of volunteers have donated hours to the Medical Center's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Restricted Resources

When the Medical Center has both restricted and unrestricted resources available to finance a particular program, it is the Medical Center's policy to use restricted resources before unrestricted resources.

Operating Revenues and Expenses

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

Vacation and Sick Leave

Medical Center employees accrue vacation as a function of service. In the event of termination or retirement, an employee is reimbursed for accumulated vacation up to 240 hours. Employees with accumulated sick leave in excess of 600 hours may elect to be paid for 50% of such excess on an annual basis up to 120 hours (net 60 hours can be paid).

Net Patient and Resident Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

Although the Medical Center has no formal policies, it provides care to patients who lack financial resources, some of whom meet the requirements to be considered indigent by various state and local government programs. Such programs pay amounts that are less than the cost of the services provided to the recipients. The total estimated cost for uncompensated care, including charity care and governmental indigent care programs, was $257,000 in 2014.

Treatment of Non-Miners

Pursuant to Federal District Court orders in prior years, the Medical Center maintains a general hospital, a nursing home, and an area for disabled miners requiring boarding or sheltered care. The Medical Center developed the following approach for determining eligible costs for the care and treatment of miners and non-miners and for determining eligible income from those sources:

Maximum charged to the Fund for miners - all fixed costs, which would be necessary if non-miners were accepted, plus a portion of variable costs (ratio of patient days for miners to total patients).

Minimum charged to non-miners or third-party payors - portion of variable costs (ratio of patient days for non-miners to total patients).

The above approach determining which monies from the Fund will not be used for the care and treatment of non-miners has been accepted by the court. To the extent that the Medical Center receives amounts from non-miners or third-party payors in excess of the minimum described above for the care and treatment of non-miners, some fixed costs are not charged against the Fund.

Income Taxes

The Medical Center is a state agency; therefore, it is exempt from federal and state income taxes.

New Accounting Pronouncements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is effective for years beginning after June 15, 2014 (fiscal year ended June 30, 2015 for the Medical Center). The statement establishes accounting and financial reporting standards for the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The statement requires the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The statement also requires employers to present as required supplementary information, information about the changes in the net position liability and the components of the net pension liability and related ratios, including the plan's fiduciary net position as a percentage of total pension liability, and the net pension liability and related ratios, including the plan's fiduciary net position as a percentage of total pension liability, and the net pension liability, as a percentage of covered-employee payroll. As a cost-sharing employer under this Statement, the Medical Center will be required to recognize a liability for its proportionate share of the net pension liability, and to recognize pension expense and report deferred outflows and deferred inflows. The Medical Center will be further required to present as required supplementary information 10-year schedules containing the net pension liability and certain related ratios, and information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios. Management is currently evaluating the impacts of this standard on the Medical Center's financial statements.

Note 2 - Net Patient and Resident Service Revenue

Medicare

The Medical Center became a licensed Critical Access Hospital (CAH) on November 1, 2010. The Medical Center may operate no more than 25-beds and the average length of stay for all inpatients cannot exceed 96 hours. The Medical Center is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center’s Medicare cost reports have been audited by the MAC through the year ended June 30, 2011. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid

Similar to Medicare, inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary. The Medical Center’s final Medicaid settlements have been processed through the year ended June 30, 2010.

Revenue from the Medicare and Medicaid programs accounted for approximately 30% and 23%, respectively, of the Medical Center's patient revenue for the year ended June 30, 2014. Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended June 30, 2014 increased $485,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and years that are no longer likely subject to audits, reviews, and investigations.

Other Programs

The Medical Center has patient service agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. If selected for audit, the potential exists that the Medical Center may incur a liability for a claims overpayment at a future date. The Medical Center is unable to determine if it will be audited and, if so, the extent of the liability of overpayments, if any. As the outcome of such potential reviews is unknown and cannot be reasonably estimated, it is the Medical Center's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Medical Center and CMS.

Note 3 - Deposit and Investment Risk Disclosure

The carrying amounts of deposits and investments as of June 30, 2014 are included in the Medical Center's statement of net position as follows:

	2014
Carrying Amount	
Cash and deposits	$ 4,685,399
Investments	1,000,000
Total	$ 5,685,399

Deposits and investments are reported in the following statement of net position captions:

	2014
Cash and cash equivalents	$ 526,745
Interest in State Treasurer Investment Pool	1,216,885
Restricted funds held in escrow	1,000,000
Restricted deposits	2,941,769
	$ 5,685,399

Deposits

The Medical Center's deposits are held in both demand accounts, accounts held by the Department of Finance and Administration (DFA), and certificates of deposit, in accordance with state law (Section 8-6-3 NMSA 1978) which requires the Medical Center's operating cash account to be managed by the New Mexico State Treasurer's Office. Accordingly, the interest in State Treasurer Investment Pool of the Medical Center consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

Custodial Credit Risk - Deposits

Custodial credit risk is, in the event of the failure of a depository financial institution, the Medical Center will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Medical Center does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in- the Medical Center's name. As of June 30, 2014, the Medical Center had the following subject to custodial credit risk:

	2014
Insured	$ 444,842
Uninsured and collateral held by pledging bank's trust department not in the Medical Center's name	$ 2,333,090
Uninsured and uncollateralized	$ 1,965,185

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Medical Center is required to collateralize an amount equal to one-half of the public money in excess of $250,000 (see Schedule of Pledged Collateral) at each financial institution. The Medical Center was in compliance with these requirements as of June 30, 2014.

A reconciliation of cash on deposit with the New Mexico State Treasurer to cash per DFA is as follows:

	2014
Per New Mexico State Treasurer	
Agency 662, fund 102 - Miners' Colfax	$ (9,342,780)
Agency 662, fund 985 - Miners' Trust Fund	10,559,665
Total per New Mexico State Treasurer	$ 1,216,885

Interest Rate Risk - Deposits

The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - Deposits

The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

Investments

Investments consist of funds held in escrow for a future permanent healthcare fund. The funds are invested in a U.S. Treasury note, which has a AAA rating and matures on December 13, 2016.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the Medical Center's investment in a single issuer. The Medical Center has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

Credit Risk – Investments

State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations; however, the Medical Center had no formal policy on managing credit risk. The Medical Center’s investments are authorized by §6-10-10, NMSA 1978. As of June 30, 2014, the Medical Center’s investments consisted of a certificate of deposits. State statute limits the Investment Council's investments to a rating of BB or B or the national association of insurance commissioners' equivalent by a national rating service.

Custodial Credit Risk – Investments

Custodial credit risk is, in the event of the failure of a counterparty, the Medical Center will not be able to recover the value of its investments or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and held by either (1) the counterparty or (2) the counterparty's trust department or agent but not in the Medical Center's name. The Medical Center has no policy on custodial credit risk.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Medical Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Income

Investment income, primarily interest income, for the year ended June 30, 2014 was $17,901.

Note 4 - General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool (Pool) balances had not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting (SHARE) system in July of 2006. This report, entitled "Current State Diagnostic of Cash Control" also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effects of the reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash Control.aspx. As of June 30, 2014, the Medical Center’s Interest in the State Investment Pool had a balance of $1,216,885.

The Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

Despite the unidentified reconciling items, the Medical Center verifies that all cash deposits and financial transactions are accurately recorded and posted to the SHARE system. The monthly internal reconciliation of cash receipts and disbursement provides management assurance that the balance reflected in the pool account is accurate as of the reporting period.

Note 5 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2014 are as follows:

	Balance at June 30, 2013	Additions	Transfers and Retirements	Balance at June 30, 2014
Capital assets not being depreciated				
Land and land improvements	$ 656,562	$ -	$ -	$ 656,562
Construction in progress	500,590	279,077	(501,130)	278,537
Total capital assets not being depreciated	1,157,152	279,077	(501,130)	935,099
Capital assets being depreciated				
Buildings	41,271,807	25,912	-	41,297,719
Equipment	10,498,720	207,418	346,244	11,052,382
Total capital assets being depreciated	51,770,527	233,330	346,244	52,350,101
Less accumulated depreciation	(23,675,153)	(1,959,990)	154,886	(25,480,257)
Net capital assets being depreciated	28,095,374	(1,726,660)	501,130	26,869,844
Capital assets, net	$ 29,252,526	$ (1,447,583)	$ -	$ 27,804,943

Construction in progress at June 30, 2014, is for a rural health clinic building. The estimated cost to complete this project is $3,000,000, which will be financed proceeds received from the 2013 Bond Refunding. The clinic was completed August 12, 2015.

Note 6 - Long-Term Obligations

Long term debt obligations consist of the following at June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Bonds Payable					
2013 revenue bonds	$ 14,645,000	$ -	$ (835,000)	$ 13,810,000	$ 910,000
Capital Lease (Note 7)	-	19,835	(2,674)	17,161	3,623
Total long-term debt	$ 14,645,000	$ 19,835	$ (837,674)	$ 13,827,161	$ 913,623

On April 11, 2013, the Medical Center refinanced the New Mexico Finance Authority bonds Series 2004 and 2006 with the proceeds from the issuance of the Miners' Colfax Medical Center State Permanent Fund Revenue Improvement and Refunding Bonds, Series 2013 with BBVA Compass Bank in the amount of $14,645,000. The refunding was considered a legal defeasement of the Series 2004 and Series 2006 bonds. The purpose of the refinancing was to lower the interest rate to 2.54% and finance the construction of a Rural Healthcare Clinic with the additional funds. There was no gain or loss on this refinancing transaction. Revenue bonds outstanding as of June 30, 2014 are due in varying annual installments with a maturity date of June 1, 2027.

Under the terms of the refinance agreement as of June 30, 2013, the Medical Center was required to deposit $3,000,000 of the bond proceeds received and $200,000 of the Medical Center's operating capital into a Building and Improvement Project Fund to be used for funding future construction activities of the Rural Healthcare Clinic. As of June 30, 2014 the funds were placed in various certificate of deposits held in a separate account with a local financial institution. The Building and Improvement Project Fund had a balance as of June 30, 2014, of $2,940,769 and is recorded as restricted investments on the accompanying statement of net position.

Pursuant to Sections 6-13-9 and 6-13-12, NMSA 1978, as amended, the Board of Trustees pledged each year's income distributed to the Medical Center from the permanent funds of the Medical Center held by the Treasurer of the State of New Mexico to secure the payment of the principal and interest of the bonds.

The schedule of payments of principal and interest on the 2013 revenue bonds are as follows:

Fiscal years ending June 30	Principal	Interest	Total
2015	$ 910,000	$ 339,217	$ 1,249,217
2016	935,000	315,786	1,250,786
2017	955,000	291,783	1,246,783
2018	980,000	267,208	1,247,208
2019	1,005,000	241,998	1,246,998
2020-2024	5,425,000	808,546	6,233,546
2025-2027	3,600,000	138,684	3,738,684
Total	$ 13,810,000	$ 2,403,222	$ 16,213,222

Note 7 - Lease Obligations

The Medical Center leases various equipment under non-cancelable long-term operating leases with expiration dates ranging from 2010 through 2019. Lease expense under these operating leases was $449,032 for the year ended 2014.

During fiscal year 2014 the Medical Center entered into a long-term lease agreement for equipment, which was recorded as a capital lease. The capital leased asset consists of major moveable equipment of $19,835 with accumulated amortization of $2,975.

Future minimum lease payments for the capital and operating leases at June 30, 2014 are as follows:

Year Ending June 30,	Capital Lease	Operating Leases
2015	$ 4,632	$ 174,366
2016	4,632	87,286
2017	4,632	84,825
2018	4,632	21,144
2019	1,158	5,224
Total minimum lease payments	19,686	$ 372,845
Less interest	(2,525)	
Present value of minimum lease payments - Note 6	$ 17,161	

Note 8 - Miners' Trust Fund

The Medical Center is an income beneficiary of the State of New Mexico Land Grant Permanent Fund derived from trust lands assigned to the Medical Center by the Ferguson Act in 1898 and by the New Mexico Enabling Act in 1910. The trust principal is managed by the State Investment Council. Because the principal is not controlled by the Medical Center, it is not reflected in the accompanying Medical Center's financial statements. The fair value of the trust principal approximated $133.1 million as of June 30, 2014. Additionally, the Medical Center has a 1/7 interest in the Charitable, Penal, and Reform portion of the trust, which trust principal totaled $17 million at June 30, 2014.

The principal of these trust monies cannot be used. Interest from the trusts is required to be used for the treatment and care of miners at the Medical Center. Land Grant Permanent Fund income distributed to the Medical Center approximated $5.1 million in 2014. Charitable, Penal and Reform monies distributed to the Medical Center approximated $652,000 in 2014. It is the Medical Center's policy to first apply unrestricted resources when an expense is incurred for the purposes for which both restricted and unrestricted resources are available.

In addition, the trust fund receives monthly income allocations from the New Mexico State Land Office, which approximated $1.021 million of income and $6,574 of interest, respectively, in 2014.

Note 9 - PERA Pension Plan

Plan Description

Substantially all of the Medical Center's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the Administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 8.92% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Medical Center is required to contribute 16.99% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Medical Center are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Medical Center's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were $1,237,431, $998,588, $896,185, respectively, which equal the amount of the required contributions for each fiscal year.

Note 10 - Post-Employment Benefits

Plan Description

The Medical Center contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that chose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

For the fiscal years ended June 30, 2014, 2013 and 2012, the Medical Center's contributions to the RHCA were $149,387, $131,404, $120,193, respectively, which equal the required contributions for each year.

Note 11 - Joint Powers Agreement

In fiscal year 1998, the Medical Center entered into a joint powers agreement with the New Mexico State Investment Council (SIC) (a joint power authority duly organized under the laws of the State of New Mexico pursuant to section 11-1-1 through 11-1-7, NMSA 1978). As a client of said authority, the Medical Center, with other members, entered into an agreement with SIC whereas SIC is authorized to offer investment advisory or management services, including the Pooled Investment Funds, to the client pursuant to Section 6-8-7 G NMSA 1978. In addition, SIC is responsible for providing annual fiscal year-end audit reports of the Pooled Investment Funds to each participant. This agreement does not have a specified termination date but may be terminated by either party upon thirty (30) days written notice to the other party.

As compensation for providing these services, SIC charges an annual management fee of one dollar for each thousand dollars of market value under management. Total management fees in fiscal year 2014 was less than $5,000.

Note 12 - Budget and Actual Violations

The Personal Services category level actual expenditure, exceed the budgeted amount by $65,503.

Note 13 - Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients and residents, most of who are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30, 2014 was as follows:

	2014
Medicare	19%
Medicaid	18%
Commercial and other	17%
Self-pay	46%
	100%

Note 14 - Correction of an Error

The Medical Center has determined that the noncurrent cash and investments balances were improperly stated for the year ended June 30, 2013. As a result, beginning net position has been restated as follows:

	2013
Net Position, Beginning of Year - As Previously Stated	$ 25,074,510
Plus adjustments to Noncurrent cash and investments to record funds held in escrow	990,083
Net Position, Beginning of Year - As Restated	$ 26,064,593

Note 15 - Contingencies

Risk Management and Malpractice Insurance

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Medical Center is insured with the Risk Management Division (Risk Management) of the General Services Department of the State of New Mexico.

The Medical Center is also insured with the Risk Management Division of the General Services Department of the State of New Mexico for malpractice coverage. The Tort Claims Act requires that Risk Management provide coverage for medical malpractice in the amount of $1,050,000 per claim. There is no cap on the number of covered claims during a given year. Risk Management will assume all liability should a claim be assessed against the Medical Center.

Litigations, Claims, and Disputes

The Medical Center 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 Medical Center.

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 has increased 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 patient and resident services.

Supplementary Information
June 30, 2014

Miner's Colfax Medical Center

	Original Budget	Revised Budget	Actual	Variance Over (Under)
Meals	$ 39,000	$ 39,000	$ 40,859	$ 1,859
Payment for care, government	2,400,000	2,400,000	10,355,527	7,955,527
Payment for care, individuals	19,339,600	19,239,600	5,663,709	(13,575,891)
Federal grants	321,800	340,800	216,948	(123,852)
Miscellaneous	145,100	978,606	1,304,273	325,667
Other financing sources	5,976,410	5,976,410	5,976,410	-
Miners' Trust Fund	5,976,410	5,976,410	3,234,299	(2,742,111)
Total budgetary basis revenues	$ 34,198,320	$ 34,950,826	26,792,025	$ (8,158,801)
Transfers from Miners' Trust Fund for operations			(5,976,410)	
Total GAAP basis operating and non-operating revenues			$ 20,815,615	

	Original Budget	Revised Budget	Actual	Variance Positive
Personal services	$ 12,510,800	$ 13,725,800	$ 13,791,303	$ (65,503)
Contract services	3,533,100	5,098,100	4,763,354	334,746
Other costs	6,201,600	5,774,106	4,840,137	933,969
Miners' Trust Fund	5,976,410	5,976,410	5,976,410	-
Total budgetary basis expenses	$ 28,221,910	$ 30,574,416	29,371,204	$ 1,203,212
Depreciation			1,959,990	
Transfers from Miners' Trust Fund for operations			(5,976,410)	
Total GAAP basis expenses			$ 25,354,784	

	Operating Fund	Miners' Trust Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 594,555	$ (67,810)	$ 526,745
Interest in State Treasurer Investment Pool	(9,342,780)	10,559,665	1,216,885
Patient accounts receivable, net of estimated uncollectible accounts of $3,570,000	2,129,297	-	2,129,297
Estimated third-party payor settlements	1,430,942	-	1,430,942
Trust fund income receivable	(160)	99,391	99,231
Other receivables	1,804,823	-	1,804,823
Supplies	579,086	-	579,086
Total current assets	(2,804,237)	10,591,246	7,787,009
Noncurrent Cash and Investments			
Restricted funds held in escrow	1,000,000	-	1,000,000
Restricted investments	2,941,769	-	2,941,769
Total noncurrent cash and investments	3,941,769	-	3,941,769
Capital Assets			
Capital assets not being depreciated	935,099	-	935,099
Capital assets being depreciated, net	25,492,212	1,377,632	26,869,844
Total capital assets	26,427,311	1,377,632	27,804,943
	$ 27,564,843	$ 11,968,878	$ 39,533,721

	Operating Fund	Miners' Trust Fund	Total
Liabilities and Net Position			
Current Liabilities			
Current portion - compensated absences	$ 405,352	$ -	$ 405,352
Current portion - capital leases	3,623	-	3,623
Current portion - bonds payable	910,000	-	910,000
Accounts payable	1,878,421	-	1,878,421
Accrued payroll and payroll taxes	166,393	-	166,393
Accrued employee benefits	120,257	-	120,257
Other accrued expenses	25,752	-	25,752
Total current liabilities	3,509,798	-	3,509,798
Noncurrent Liabilities			
Compensated absences, net of current portion	45,039	-	45,039
Capital leases, net of current portion	13,538	-	13,538
Bonds payable, net of current portion	12,900,000	-	12,900,000
Total noncurrent liabilities	12,958,577	-	12,958,577
Total liabilities	16,468,375	-	16,468,375
Net Position			
Net investment in capital assets	9,675,542	-	9,675,542
Restricted			
Expendable for future permanent healthcare fund	1,000,000	-	1,000,000
Expendable for capital acquisition	2,875,507	-	2,875,507
Unrestricted	(2,454,581)	11,968,878	9,514,297
Total net position	11,096,468	11,968,878	23,065,346
	$ 27,564,843	$ 11,968,878	$ 39,533,721

	Operating Program	Miners' Trust Fund Program	Total
Operating Revenues			
Net patient and resident service revenue, net of provision for bad debts of $1,989,800	$ 13,900,975	$ 3,549,203	$ 17,450,178
Miners' Trust Fund income	-	3,234,299	3,234,299
Other revenue	1,327,231	-	1,327,231
Total operating revenues	15,228,206	6,783,502	22,011,708
Operating Expenses			
Salaries and wages	9,951,806	-	9,951,806
Employee benefits	3,839,497	-	3,839,497
Supplies and other	4,397,452	-	4,397,452
Purchased services	4,763,354	-	4,763,354
Depreciation and amortization	1,959,990	-	1,959,990
Total operating expenses	24,912,099	-	24,912,099
Operating income (loss)	(9,683,893)	6,783,502	(2,900,391)
Nonoperating Revenue (Expense)			
Investment income	17,901	-	17,901
Interest expense	(333,705)	-	(333,705)
Noncapital federal grant revenue	216,948	-	216,948
Total nonoperating expenses	(98,856)	-	(98,856)
Income (loss) before release of escrow funds	(9,782,749)	6,783,502	(2,999,247)
Transfers			
From Miners' Trust Program to Operating Program	5,976,410	(5,976,410)	-
Change in Net Position	(3,806,339)	807,092	(2,999,247)
Net Position, Beginning of Year, As Restated	14,902,807	11,161,786	26,064,593
Net Position, End of Year	$ 11,096,468	$ 11,968,878	$ 23,065,346

Other Supplementary Information
June 30, 2014

Miner's Colfax Medical Center

Miner's Colfax Medical Center
Schedule of Deposit and Investment Accounts
Year Ended June 30, 2014

Depository	Account Name	Type	Depository Balance	Reconciled Balance
State Treasurers Office	Warrant account	External Investment Pool	$ 1,216,885	$ 1,216,885
First National Bank of NM	Operations	Checking	1,607,507	331,304
Wells Fargo	Donation fund	Checking	40,283	40,283
Wells Fargo	Resident Fund Account	Checking	8,925	8,925
Wells Fargo	Certificate of Deposit	CD	55,101	55,101
Intl Bank of Raton	Certificate of Deposit	CD	91,532	91,532
Cash and cash equivalents			3,020,233	1,744,030
Petty cash	Petty cash		600	600
Total cash and cash equivalents - non-agency funds			3,020,833	1,744,630
International State Bank	Escrow Account	Escrow	1,000,000	1,000,000
First National Bank of NM	Project Fund	CD	2,940,769	2,940,769
Total deposit and investment accounts			$ 6,961,602	$ 5,685,399

	First National	Int'l Bank of Raton	Wells Fargo Donation Fund	Wells Fargo Resident Fund	Wells Fargo CD
Deposits at June 30, 2014	$ 4,548,275	$ 90,533	$ 40,283	$ 8,925	$ 55,101
Less: FDIC coverage	250,000	90,533	40,283	8,925	55,101
Uninsured public funds	4,298,275	-	-	-	-
Pledged collateral held by the pledging bank's trust department or agent but not in the Medical Center's name	2,333,090	-	-	-	-
Uninsured and uncollateralized	$ 1,965,185	$ -	$ -	$ -	$ -
50% of uninsured pledged collateral requirement per statute	$ 2,149,138	$ -	$ -	$ -	$ -
Total pledged collateral	2,333,090	-	-	-	-
Pledged collateral (over) under the requirement	$ (183,953)	$ -	$ -	$ -	$ -

Pledged collateral at June 30, 2014, consists of the following:

Security	CUSIP	Maturity	Amount
FHLB Fixed Rate Note	736151CZ2	2/1/2016	$ 51,321
FHLB Fixed Rate Note	84378EG9	8/1/2020	218,617
FHLB Fixed Rate Note	011464FK5	8/1/2014	101,539
FHLB Fixed Rate Note	264430HJ1	3/1/2018	218,539
FHLB Fixed Rate Note	36179MKL3	8/20/2027	430,152
FHLB Fixed Rate Note	31331KVY3	8/23/2021	259,098
FFILB Fixed Rate Note	31397UEF2	12/25/2037	235,569
FHLB Fixed Rate Note	3138EJ5Q7	11/1/2027	333,838
FHLB Fixed Rate Note	3136FTN70	11/28/2025	484,417
			$ 2,333,090

The custodian of the pledged securities for First National bank is the Federal Home Loan Bank of Dallas in Dallas, Texas.

Other Information
June 30, 2014

Miner's Colfax Medical Center

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees and Management
Miners' Colfax Medical Center and
Mr. Timothy Keller, New Mexico State Auditor
Raton, New Mexico

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Miners' Colfax Medical Center (the Medical Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements. We were also engaged to audit the schedule of revenues and expenses – budget and actual for the year ended June 30, 2014, the combining statement of net position as of June 30, 2014, and the combining statement of revenues and expenses and changes in net position for the year ended June 30, 2014, presented as supplementary information. We have issued our report thereon dated January 08, 2016. Our report disclaims an opinion on such financial statements because of the matters described in the "Basis for Disclaimer of Opinion" paragraph in our report starting on page 1.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Medical Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, 2014-001 through 2014-008, described in the accompanying schedule of findings and responses to be material weaknesses.

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

Medical Center's Response to Findings
The Medical Center's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Medical Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Eide Bailly LLP

Boise, Idaho
January 08, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Disclaimer
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be a material weakness?	None Reported
Noncompliance material to the financial statements noted?	No

Section II - Financial Statement Findings

Material Weaknesses

2014-001

Preparation of Financial Statements – Material Weakness

Condition:
The Medical Center does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements. Although this circumstance is not unusual for an organization of your size, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by the Medical Center personnel.

Criteria:
Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes the ability to prepare the statement of net position, statement of revenues, expenditures and changes in net position, and the statement of cash flows. It also includes the ability to prepare the footnote disclosures required by GASB.

Cause:
The Medical Center has limited number of accounting personnel, which makes it difficult to implement this level of internal control.

Recommendation:
The Medical Center should evaluate the benefit of preparing the financial statement in the future.

Effect:
Management must rely on the auditing firm to report and disclose financial data reliably in accordance with generally accepted accounting principles.

Management and those charged with governance should make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response and Action Plan of Management:
The agency has been actively recruiting to fill the Chief Financial Officer Role for 12 months. Management believes they are close to offering the position and will be filled by the 2^{nd} quarter of FY16. Capable, qualified and experienced leadership in the Finance area is critical to overcoming the current circumstance including internal controls and monthly accounting processes, a close of the G/L, and the production of monthly financial statements. Management has contracted with an external financial consultant to assist in strengthening the financial system internal controls including financial statements of net position, statement of revenues, expenditures and changes in net position, and the statement of cash flows. The agency currently uses two financial systems in the accounting process. The Patient Management System for revenue, and State of New Mexico SHARE system for expense. The two systems are not interfaced and create barriers in providing detailed financial statements. The agency manually creates financial reports to monitor operations.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of stronger financial reporting including evaluation of ability to interface the two financial systems. The agency will also work with Department of Finance to develop additional accounts for healthcare reporting needs.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-002

Material Audit Adjustments – Material Weakness

Condition:
During the course of our engagement, we proposed material audit adjustments to the Medical Center's recorded account balances in the areas of third-party payor settlements, capital assets, supplies, accounts payables, payroll and related accruals, and other accrued expenses, which if not recorded, would have resulted in a material misstatement of the Medical Center's financial statements. Additionally, we recorded a prior period adjustment in order to accurately record funds held in escrow. We also proposed several reclassifying entries and proposed other adjustments for which the Medical Center passed on posting to the accounting records as they were deemed to be immaterial to the financial statements overall. The passed adjustments related to recording of capital assets and compensated absences that should have been recorded in prior years that would have impacted beginning net position.

Criteria
Management should have an internal control system in place designed to include procedures to ensure account balances are properly stated throughout the year and for year-end closing.

Cause:
The controls currently in place were not sufficient to detect misstatements to various accounts.

Effect:
The Medical Center's interim financial information is not materially correct, which may affect management and board of trustee decisions made during the course of the year.

Recommendation:
The Medical Center should evaluate their processes in order to accurately account for all transactions throughout the year in their account balances.

Response and Action Plan of Management:
We agree with the findings and will implement the proper procedures to ensure that the accounting transactions are accurately reflected in the accounting records.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of stronger policies and procedures to ensure accounting transactions as accurately captured. The agency will also work with Department of Finance to develop additional accounts for healthcare reporting needs. The agency posted all material and requested
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-003

Develop Monthly and Year-end Closing Schedules – Material Weakness

Condition:
This year's closing process was delayed because some important procedures were not performed on time or throughout the year. The results were delays in producing closing entries, trial balances, schedules, reconciliations, account analyzes, and other financial reports needed by management and the auditors. Also, the Medical Center incurred additional audit time because our auditors had to prepare entries and schedules that Medical Center personnel should have prepared.

Criteria:
Management should reconcile significant accounts on a monthly basis to ensure that yearend reconciliations are performed in a timely manner in order to accurately reflect the Medical Center's financial position.

Cause:
The change in accounting personnel and implementation of new account software caused the Medical Center to have a breakdown in their internal controls surrounding the accounting function.

Effect:
Failure to reconcile significant accounts caused material errors in the financial records and also caused the Medical Center to report inaccurate information to the board of trustees throughout the year.

Recommendation:
Management should reconcile the significant accounts on a monthly basis to ensure that errors do not accumulate, and can be identified and attributed to a particular period of time. We further recommend that account reconciliations are reviewed by a member of management other than the preparer. We believe that the year-end closing could proceed more quickly by developing monthly closing schedules in the Medical Center's policies and procedures. The closing process could indicate who will perform each procedure and when completion of each procedure is due and accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information. The due dates could be monitored to determine that they are being met.

Response and Action Plan of Management:
We agree with the findings and will implement the proper monthly and year-end closing procedures to ensure that the accounting transactions are accurately reflected in the accounting records. To accomplish this we must first hire a qualified CFO.

Corrective Action Plan (CAP)

> Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of new procedures to ensure monthly and year-end closing procedures are completed in a timely manner. The Agency is actively recruiting additional staff in the business office to ensure adequate resources are available for Monthly and Year-end closing.
> Explanation of Disagreement: We concur with the finding.
> Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-004

Acquire a Fixed Asset Tracking System – Material Weakness

Condition:
Instead of an integrated accounting system that includes a fixed asset accounting module, the Medical Center's fixed assets are entered on an Excel spreadsheet. Depreciation for the year is manually calculated for financial and reporting purposes and as new assets are placed in service or disposed of, they tracked on the Medical Center's internally generated spreadsheet. However, during the course of the audit the auditors were provided the fixed asset schedule that contained numerous errors.

Criteria:
Management should consider acquiring a fixed asset tracking system in order to reduce the risk of errors related to improper recording of additions and disposals, as well as manually calculating deprecation as the amount of assets being tracked are significant.

Cause:
The controls currently in place were not sufficient to detect misstatements to the internally maintained fixed asset schedule.

Effect:
The trial balance provided for the audit was misstated.

Recommendation:
We recommend that the Medical Center consider acquiring a fixed asset system to account for and monitor its physical assets and related depreciation. Using a fixed asset system will help eliminate calculation errors and will allow the Medical Center to calculate and update depreciation schedules as additions and deletions are made.

Response and Action Plan of Management:
We agree with the findings but also feel hiring a healthcare CFO will bring the skills necessary to correct financial systems including the fixed asset tracking systems. Once a CFO is hired it will be that person's responsibility to implement new systems and procedures for tracking fixed assets. The new CFO and the procedures she/he will implement and monitor will eliminate errors identified during the audit.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of new procedures to ensure monthly and year-end closing procedures are completed in a timely manner. The agency is working with the Department of Finance on modules within the SHARE financial system to strengthen fixed asset tracking.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-005

Analyze Leases Prior to Commencement to Determine Whether they are Capital or Operating Leases for Proper Accounting Treatment – Material Weakness

Condition:
We noted that the Medical Center has financed certain plant equipment acquisitions through the use of leases. We also noted that certain leases provided for the purchase of the equipment met the criteria for being a capital lease versus operating, which provides for different accounting treatment. Audit adjustments were made to properly record the leases at June 30, 2014.

Criteria:
Management should implement policies and procedures for evaluating leases prior to the commencement to determine the type of lease for proper recording in the Medical Center's accounting records.

Cause:
The controls currently in place were not sufficient to detect misstatements and adjustment journal entries were recorded.

Effect:
The trial balance provided for the audit was misstated.

Recommendation:
We recommend that all future equipment leases be analyzed prior to the commencement of the lease term in order to determine the required accounting treatment. Doing so will avoid potentially significant unexpected year-end adjustments to the financial statements. Also, it is more efficient to determine the proper accounting at the start than to spend time making adjustments at year-end.

Response and Action Plan of Management:
We agree with the findings and will implement new processes and procedures for evaluation of lease agreements during the procurement process. The new procedures and comprehensive evaluation will prevent year-end adjustments. It is noteworthy that many of the identified capital leases were not considered as such in the prior year audits.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of new policy and procedures to include evaluation of all equipment leases as part of the procurement process. This process will include a check list and sign-off from the CFO identifying the lease type.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-006

Establish a Methodology for Estimating Third-Party Payor Settlements – Material Weakness

Condition:
Third-party payor settlements are subject to significant changes based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. The Medical Center currently does not have a methodology for reviewing prior year estimates to determine potential changes in those estimates or calculating current year estimates.

Criteria:
Management should implement policies and procedures for evaluating third-party payor estimates.

Cause:
The controls currently in place were not sufficient to detect misstatements and adjustment journal entries were recorded.

Effect:
The trial balance provided for the audit was misstated.

Recommendation:
We would recommend contracting with an outside consultant or firm that has expertise in estimating third-party payor settlement estimates, so that the accounting records can accurately reflect the year over year changes.

Response and Action Plan of Management:
We agree with the findings and will implement new processes and procedures for estimating third party payor settlement estimates. The new procedures and comprehensive modeling will provide the agency with stronger ability to forecast payors and monitor projections. The agency will make any necessary settlement adjustments once received through cost report finalization.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of new procedures and forecasting models more accurately forecast third party settlements. The modeling will be based on both historical information and identified changes in Hospital operations and healthcare rules and regulations.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Executive Officer, Chief Financial Officer and Board of Trustees.

2014-007

Failure to Remit the Audited Financial Statements to the New Mexico State Auditor's by Filing Deadline, December 15, 2014 – Material Weakness

Condition:
The Medical Center had a significant amount of turnover in their accounting personnel and implemented new accounting software, which caused a breakdown in their internal controls over their accounting functions and financial reporting processes. The Medical Center had not reconciled major account balances throughout the year, nor performed yearend closing procedures. The Medical Center was unable to provide the auditors with required account reconciliations, accurate accounting reports and a completed trial balance.

Criteria:
Management should evaluate their current policies and procedures over the accounting functions in order to clearly document the roles and responsibilities for various positions, provide training support for newly hired staff or staff transitioned in new roles and hire personnel who encompass the right knowledge and expertise for their hired position.

Cause:
The Medical Center had a significant amount of turnover in their accounting department and implemented a new accounting software, which led to a breakdown in controls over financial reporting.

Effect:
The Medical Center's accounting records were incomplete and inaccurate, which significantly delayed the audit process and missed the Audit Report filing deadline with the State Auditor's.

Recommendation:
We recommend that management should evaluate their current policies and procedures over the accounting functions in order to clearly document the roles and responsibilities for various positions, provide training support for newly hired staff or staff transitioned in new roles and hire personnel who encompass the right knowledge and expertise for their hired position. This will help ensure that the Medical Center's accounting records are complete and accurate for yearend reporting and the information can be provided to the auditor's in a timely manner for the purposes of issuing the audited financial statements to the State Auditor's based on their deadline.

Response and Action Plan of Management:
The agency has been actively recruiting to fill the Chief Financial Officer Role for 12 months. Management believes they are close to offering the position and will be filled by the 2nd quarter of FY16. Management has contracted with an external financial consultant to assist in strengthening the financial system internal controls including financial statements of net position, statement of revenues, expenditures and changes in net position, and the statement of cash flows. The agency currently uses two financial systems in the accounting process. The Patient Management System for revenue, and State of New Mexico SHARE system for expense. The two systems are not interfaced and create barriers in providing detailed financial statements. The agency manually creates financial reports to monitor operations.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding: The Financial consultant will work with the new Chief Financial Officer on the development of stronger financial reporting including evaluation of ability to interface the two financial systems. The agency will also work with Department of Finance to develop additional accounts for healthcare reporting needs.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Operating Officer, Chief Financial Officer and Board of Trustees.

2014-008

Budget Category Level Violation – Material Weakness

Condition:
The Medical Center reported actual expenditures exceeding budget for Personal Services by $65,503.

Criteria:
Management should evaluate their reconciliation of budget and actual expenditures during the year and be aware of the potential overages prior to year-end. A disclaimer of opinion was issued over the revenues and expenditures reported in the budget to actual statement. If the records were reconciled and supported, there may not be a budget violation

Cause:
The Medical Center had a significant amount of turnover in their accounting department and implemented a new accounting software, which led to a breakdown in controls over financial reporting.

Effect:
The Medical Center's accounting records were incomplete and inaccurate which caused a disclaimer of opinion and lack of support for budget and actual amounts reported.

Recommendation:
We recommend that management should evaluate their current policies and procedures over the accounting functions in order to clearly document the roles and responsibilities for various positions, provide training support for newly hired staff or staff transitioned in new roles and hire personnel who encompass the right knowledge and expertise for their hired position. This will help ensure that the Medical Center's accounting records are complete and accurate for yearend reporting.

Response and Action Plan of Management:
MCMC has reviewed the budget for FY14 and identified that there was an overage in one of the three accounts categories that related to Personnel Services. In aggregate, there was not an overage identified.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding:
MCMC will develop with leadership a forecasting and projection model to identify any potential overages and monitor throughout the fiscal year; process adjustments in category budgets in order to remedy the potential of overages in all account categories.
Explanation of Disagreement: We concur with the finding.
Official Responsible for Ensuring Corrective Action: Chief Operating Officer, Chief Financial Officer and Board of Trustees.

None.

An exit conference was held on January 8, 2016. The following individuals were in attendance:

Representing Miners' Colfax Medical Center:

Shawn Lerch	Chief Executive Officer
Kathy McQueary	Chairman of the Board of Trustees
Scott Berry	Vice Chairman of the Board of Trustees
William “Cotton” Jarrell	Board Member
Dr. Donald Belknap	Board Member

Representing Eide Bailly LLP:

Kevin Smith	Partner

The financial statements were prepared with the assistance of Eide Bailly LLP.