

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2015

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2015

Name of Official -----	Office -----
James M. DeLoach	County Judge
Cory DeBerry	Commissioner, Precinct #1
Kent Lewis	Commissioner, Precinct #2
Danny Short	Commissioner, Precinct #3
Jimmy Young	Commissioner, Precinct #4
Scott Say	County Attorney
Gina Jones	County Auditor
Gary Maddox	County Sheriff
Jerry Yarbrough	County Treasurer
Brenda Goheen	Tax Assessor-Collector
Debbie Long	County Clerk
Stephanie Chester	District Clerk
Becky DeBerry	Justice of Peace #1
Christy Clark	Justice of Peace #2
Al Mann	Justice of Peace #3
Melton Hanna	Justice of Peace #4

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FINANCIAL SECTION

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Stephen H. Webb, CPA
Richard B. Wright, CPA

Independent Auditor's Report

Honorable County Judge and Commissioners' Court
Lamb County
100 6th Street
Littlefield, Texas 79339

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Lamb County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lamb Healthcare Center, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lamb Healthcare Center, is based solely on the report of the other auditors. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, Lamb County adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such 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. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamb County's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2016 on our consideration of Lamb County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Lamb County's internal control over financial reporting and compliance.

Respectfully submitted,

Webb, Webb + Wright

WEBB, WEBB AND WRIGHT, CPA's

June 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lamb County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the County's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the County as a whole and present a long-term view of the County's property and obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the County were sold to departments within the County or to external customers and how well the sales revenues covered the expenses of the goods or services. The fiduciary statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the same basis of accounting used by most private sector companies – accrual.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by business functions that are intended to recover a portion of their costs through user fees and charges and general revenues provided by the taxpayers. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets, plus deferred outflows of resources less liabilities, less deferred inflows of resources) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider nonfinancial factors as well, such as changes in the County's property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County operates under two kinds of activities:

Governmental activities – Most of the County's basic services are reported here, including general government, public safety, highways and streets and judicial. Property taxes and fees finance most of these activities.

Business-type activities – The County charges a fee to customers to help it cover all or most of the cost of services it provides in health services.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the County as a whole. The County's administration establishes many funds to help it control and manage money for particular purposes.

Governmental Funds – The County reports most of its basic services in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.

Proprietary Funds – The County reports the activities for which it charges users (whether outside customers or other units of the County) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise fund (one category of proprietary funds) is the business-type activity reported in the government-wide statements but containing more detail and some additional information, such as cash flows.

Fiduciary Funds - The County is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental activities.

Net position of the County's governmental activities decreased from \$10,826,247 to \$9,799,721. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$4,116,502 at September 30, 2015.

This decrease in governmental net position was the net result of the County's expenses exceeding revenues by \$200,402.

Also, there was a decrease in the governmental net position of \$826,124 due to a restatement of beginning net position required by the implementation of GASB Statement No. 68.

The net position of our business-type activities decreased by \$900,951. This decrease is significant to the overall operations of the County as it provides significant services to the community. Factors contributing to this decrease are shown in Exhibit B-1.

Table 1
Lamb County
Net Position
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Current and other assets	5,690	6,264	2,413	3,141	8,103	9,405	-13.8%
Capital assets	5,517	5,589	2,026	2,212	7,543	7,801	-3.3%
Total assets	11,207	11,853	4,439	5,353	15,646	17,206	-9.1%
Total deferred outflows of resources	480				480	-0-	100.0%
Long-term liabilities	1,401	475			1,401	475	194.9%
Other liabilities	422	551	630	642	1,052	1,193	-11.8%
Total liabilities	1,822	1,026	630	642	2,452	1,668	47.0%
Total deferred inflows of resources	65				65	-0-	100.0%
Net position:*							
Net investment in capital assets	5,199	5,114	2,399	2,212	7,598	7,326	3.7%
Restricted	484	474			484	474	2.1%
Unrestricted	4,117	5,239	1,411	2,498	5,527	7,737	-28.6%
Total net position	9,800	10,826	3,810	4,711	13,609	15,537	-12.4%

* The implementation of GASB Statement No. 68 resulted in the beginning net position of the governmental activities being restated. Net position was not restated for FY 2014 on this table.

Table 2**Lamb County****Changes in Net Position
in thousands**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Revenues:							
Net program revenues:							
Charges for services	507	555	7,883	7,870	8,390	8,425	-.4%
Operating grants and contributions	613	671			613	671	-8.6%
Capital grants and contributions					-0-	-0-	0.0%
General revenues:							
Property taxes	7,066	7,720			7,066	7,720	-8.5%
Licenses and permits		1			-0-	1	-100.0%
Commissions	520	538			520	538	-3.3%
Grants and contributions not restricted			54	9	54	9	500.0%
Investment earnings	75	101	11	18	86	119	-27.7%
Other	84	160	1,275	1,770	1,359	1,930	-29.6%
Gain(Loss) on sale of assets	13	1			13	1	1,200.0%
Total revenues	8,878	9,747	9,223	9,667	18,101	19,414	-6.8%
Expenses:							
General government	1,325	1,280			1,325	1,280	3.5%
Financial	439	432			439	432	1.6%
Judicial	557	581			557	581	-4.1%
Legal	194	176			194	176	10.2%
Public safety	3,209	3,195			3,209	3,195	.4%
Facilities	117	140			117	140	-16.4%
Public welfare	62	66			62	66	-6.1%
Culture/Recreation	367	388			367	388	-5.4%
Road and Bridge	1,784	2,025			1,784	2,025	-11.9%
Health			11,136	10,988	11,136	10,988	1.3%
Interest on long-term debt	12	10			12	10	20.0%
Total expenses	8,067	8,294	11,136	10,988	19,203	19,282	-.4%

Table 2

Lamb County

**Changes in Net Position
in thousands**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Increase (decrease) in net position before transfers	811	1,453	(1,913)	(1,320)	(1,102)	132	-934.8%
Transfers	(1,012)	(1,119)	1,012	1,119	-0-	-0-	0.0%
Change in net position	(200)	333	(901)	(201)	(1,102)	132	-934.8%
Net position-beginning, as restated	10,000	10,497	4,711	4,912	14,711	15,409	-4.5%
Increase (Decrease) in net position		(4)			-0-	(4)	-100.0%
Net position-ending	<u>9,800</u>	<u>10,826</u>	<u>3,810</u>	<u>4,711</u>	<u>13,609</u>	<u>15,537</u>	-12.4%

The County's governmental revenues decreased over \$868,000 this year. The total cost of governmental programs and services decreased over \$227,000 this year. The County's business revenues decreased over \$444,000 this year. The total cost of business programs and services increased over \$148,000 this year.

Key elements of the analysis of government-wide revenues and expenses are as follows:

- Current year property tax revenues decreased by \$664,789 compared to prior year collections. This decrease is the result of decreases to the tax base that totaled over \$85 million.
- Fee office collections decreased \$33,507 or 7.6% compared to prior year collections. There were decreases in multiple offices. There were significant decreases in Justice of the Peace Pct #3 and County Clerk fees.
- Total expenses increased during the year. A portion of this increase is reflected in the non-departmental area of the budget and the Jail's budget. The non-departmental budget saw increases due to renovations to the courthouse currently in progress. The Jail saw an increase due to a new camera system being installed and renovations to the Jail. Also, there were increases in retirement expense and employee medical benefits.

The cost of all governmental and business-type activities this year was \$19,202,739. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes, licenses and permits, and commissions was only \$7,586,669 because \$8,390,070 of the costs were paid by those who directly benefited from the programs, \$612,751 by other governments and organizations that subsidized certain programs with grants and contributions or by \$54,319 in unrestricted grants and contributions.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$4,975,562, which is significantly lower than last year's total of \$5,423,284. Included in this year's total change in fund balance is a net decrease of \$452,918 in the County's General Fund.

The County's proprietary fund reported a net position of \$3,809,679 which is lower than last year's total of \$4,710,630.

The details of the above summarized information can be found on Exhibit C-3 and Exhibit D-2.

Highlights include:

- Total tax revenue including delinquent taxes decreased \$664,789 compared to prior year collections. Taxes decreased due to a decrease in tax base. Although there was a decrease in the tax base, the County chose to retain the same tax rate as the previous year.
- Expenditures in governmental funds increased over prior year totals. A 3% salary increase was budgeted. The primary area of increase was in capital outlays.

General Fund Budgetary Highlights

The County's General Fund balance of \$4,490,604 differs from the General Fund's budgetary fund balance of \$2,967,119. This difference is shown on the budgetary comparison schedule (Exhibit F-1).

The County budget is prepared by the County Judge and approved by the Commissioners Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure line item level. Budgetary adjustments must be approved by the Commissioners Court. The significant differences between the original budget and the final budget were due to grant revenue being received after the start of the fiscal year. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. The final budget reflected an excess of expenditures over revenues of \$633,035; however, the actual excess was revenues over expenditures of \$868,248. Major variances included:

- Total revenues collected were more than budgeted revenue. Property tax revenue exceeded the budget by \$60,583 due to higher than expected collection rates and increased penalties and interest on collections of delinquent taxes.
- Total fee revenue collected was less than budgeted amounts by \$33,507.
- Total expenditures were 15.93% less than the ending budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the County had \$17,792,243 invested in a broad range of governmental capital assets, including administrative facilities and equipment, public safety facilities and equipment, and maintenance buildings and equipment. This amount represents a net increase of \$224,775, or approximately 1.3% above last year.

This year's major additions included:

Buildings & Improvements	\$ 14,328
Machinery & Equipment	238,890
Vehicles	218,375
Office Equipment	72,940
C-I-P (Courthouse Exterior Upgrade)	304,575
Total	<u>\$ 849,108</u> =====

Specific additions include the following:

- The Sheriff's office purchased 5 new vehicles. Several vehicles that were on order from the previous fiscal year were purchased as well as the vehicles on the regular rotation.
- The Jail installed a new video system.
- Renovations continued for the exterior of the courthouse plus an upgrade to the courthouse phone system was made.
- R&B 1 purchased a pickup.
- R&B 3 completed building a new barn.
- R&B 4 purchased a new motor grader and tractor.

The County will continue the renovation project for the courthouse in the next fiscal year with no plans to incur any new debt to finance said capital expenditure.

Debt

At year-end, the County had \$317,570 in outstanding governmental debt versus \$475,399 last year. More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected officials considered many factors when setting the fiscal year 2016 budget and tax rates such as the following:

- Additional money was also budgeted in contract/professional services for renovations for the courthouse.
- There were also budget increases for health insurance due to increased cost.
- A significant decrease in tax valuations will result in an estimated \$1,000,000 decrease in tax revenue for fiscal year 2016.
- The purchase of an ambulance for Earth has been budgeted.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Judge's office.

BASIC FINANCIAL STATEMENTS

LAMB COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 5,999,990	\$ 73,606	\$ 6,073,596
Investments	29		29
Receivables (net of allowance for uncollectibles)	397,022	781,962	1,178,984
Internal Balances	(714,595)	714,595	-0-
Due from Other Funds	7,101		7,101
Inventories	280	269,268	269,548
Prepays and Other Current Assets		573,955	573,955
Capital Assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and Improvements	2,776,811	592,804	3,369,615
Machinery and Equipment	438,895	1,371,236	1,810,131
Vehicles	850,657		850,657
Office Equipment	314,524		314,524
Capital Leases	611,910		611,910
Construction in Progress	490,937		490,937
Total Capital Assets	\$ 5,516,704	\$ 2,025,862	\$ 7,542,566
TOTAL ASSETS	\$ 11,206,531	\$ 4,439,248	\$ 15,645,779
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pensions	\$ 480,414	\$	\$ 480,414
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 480,414	\$ -0-	\$ 480,414
LIABILITIES			
Accounts Payable	\$ 301,847	\$ 252,717	\$ 554,564
Accrued Liabilities	119,667	376,852	496,519
Due to Others	390		390
Noncurrent Liabilities:			
Due within one year	87,539		87,539
Due in more than one year	230,031		230,031
Net Pension Liability	1,083,009		1,083,009
TOTAL LIABILITIES	\$ 1,822,483	\$ 629,569	\$ 2,452,052

The accompanying notes are an integral part of this statement.
(13)

LAMB COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pensions	\$ 64,740	\$	\$ 64,740
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 64,740	\$ -0-	\$ 64,740
NET POSITION			
Net Investment in Capital Assets	\$ 5,199,134	\$ 2,398,866	\$ 7,598,000
Restricted for Special Revenue	484,085		484,085
Unrestricted	4,116,502	1,410,813	5,527,315
TOTAL NET POSITION	\$ 9,799,721	\$ 3,809,679	\$ 13,609,400

The accompanying notes are an integral part of this statement.
(14)

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,325,274	\$ 150,762	\$ 17,166	\$	\$ (1,157,345)	\$	\$ (1,157,345)
Financial	439,463	97,372			(342,091)		(342,091)
Judicial	557,066	173,806	18,394		(364,867)		(364,867)
Legal	193,727	25,554	57,605		(110,568)		(110,568)
Public Safety	3,209,023	58,219	315,548		(2,835,256)		(2,835,256)
Facilities	117,434				(117,434)		(117,434)
Public Welfare	61,734	806			(60,928)		(60,928)
Culture/Recreation	366,944	47	2,053		(364,845)		(364,845)
Road and Bridge	1,783,952		201,986		(1,581,966)		(1,581,966)
Interest on Long-Term Debt	12,081				(12,081)		(12,081)
Total Governmental Activities	\$ 8,066,698	\$ 506,566	\$ 612,751	\$ -0-	\$ (6,947,380)	\$ -0-	\$ (6,947,380)
Business – Type Activities:							
Health	\$ 11,136,041	\$ 7,883,504	\$	\$	\$	\$ (3,252,537)	\$ (3,252,537)
Total Business-Type Activities	\$ 11,136,041	\$ 7,883,504	\$ -0-	\$ -0-	\$ -0-	\$ (3,252,537)	\$ (3,252,537)
TOTAL PRIMARY GOVERNMENT	\$ 19,202,739	\$ 8,390,070	\$ 612,751	\$ -0-	\$ (6,947,380)	\$ (3,252,537)	\$ (10,199,917)
General Revenues:							
Property taxes					\$ 7,066,290	\$	\$ 7,066,290
Licenses and permits					396		396
Commissions					519,983		519,983
Grants and contributions not restricted to specific programs						54,319	54,319
Investment earnings					74,888	10,656	85,544
Other					84,309	1,274,923	1,359,232
Gain (Loss) on sale of assets					12,800		12,800
Transfers					(1,011,688)	1,011,688	-0-
Total general revenues and transfers					\$ 6,746,978	\$ 2,351,586	\$ 9,098,564
Change in net position					\$ (200,402)	\$ (900,951)	\$ (1,101,353)
Net position – beginning, as restated					10,000,123	4,710,630	14,710,753
Net position – ending					\$ 9,799,721	\$ 3,809,679	\$ 13,609,400

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 5,500,829	\$ 499,161	\$ 5,999,990
Investments	29		29
Accounts Receivable	79,176	21,417	100,593
Delinquent Tax Receivable	329,366		329,366
Allowance for Uncollectible Tax	(32,937)		(32,937)
Due From Other Funds	7,100	2	7,102
Inventory	280		280
TOTAL ASSETS	\$ 5,883,843	\$ 520,580	\$ 6,404,423
LIABILITIES			
Accounts Payable	\$ 272,632	\$ 29,215	\$ 301,847
Accrued Liabilities	109,583	6,016	115,598
Due To Other Funds	714,595	1	714,596
Due To Others		390	390
TOTAL LIABILITIES	\$ 1,096,810	\$ 35,622	\$ 1,132,432
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue – Property Taxes	\$ 296,429	\$	\$ 296,429
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 296,429	\$ -0-	\$ 296,429
FUND BALANCES			
Restricted for Special Revenue	\$	\$ 484,085	484,085
Assigned for Retirement of L-T Debt	317,570		317,570
Assigned for Other Purposes		873	873
Unassigned	4,173,034		4,173,034
TOTAL FUND BALANCES	\$ 4,490,604	\$ 484,958	\$ 4,975,562
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5,883,843	\$ 520,580	\$ 6,404,423

The accompanying notes are an integral part of this statement.
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LAMB COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds balance sheet.	\$ 4,975,562
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,516,704
A reclassification is necessary to convert from the modified accrual basis of accounting to accrual basis of accounting and, thereby recognizing unavailable revenue from property taxes as revenue.	296,429
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(317,570)
Liabilities for long-term debt interest are not due and payable in the current period and therefore not reported in the funds.	(4,069)
Recognition of the County's net pension liability not reported in the funds.	(1,083,009)
Deferred outflow related to pensions not reported in the funds.	480,414
Deferred inflow related to pensions not reported in the funds.	(64,740)

Total net position of governmental activities.	\$ 9,799,721 =====

The accompanying notes are an integral part of this statement.
(17)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
REVENUES			
Taxes	\$ 7,062,062	\$ 72	\$ 7,062,134
Charges for Services	405,664	100,902	506,566
Licenses & Permits	396		396
Commissions	519,983		519,983
Intergovernmental	307,129	305,623	612,751
Interest Income	70,375	4,513	74,888
Other Revenue	79,077	5,232	84,309
	-----	-----	-----
TOTAL REVENUES	\$ 8,444,686	\$ 416,342	\$ 8,861,028
	-----	-----	-----
EXPENDITURES			
Current Operating:			
District Judge	\$ 148,247	\$	\$ 148,247
District Clerk	120,225		120,225
County Judge	172,506		172,506
County Clerk	224,993		224,993
Tax Assessor	191,857		191,857
Treasurer	108,362		108,362
County Attorney	140,874		140,874
Justice of the Peace - Pct #1-4	275,139		275,139
Veterans & Welfare	61,734		61,734
Adult Probation	785		785
Ag Extension Office	97,969		97,969
Sheriff	1,301,597		1,301,597
Jail	883,633		883,633
County Libraries	231,384		231,384
Auditor	139,244		139,244
Non-Departmental	491,503		491,503
Maintenance	117,434		117,434
Ag & Community Centers	25,344		25,344
Public Safety	253,531		253,531
Information Services	202,331		202,331
Road and Bridge - Pct #1-4	1,607,385		1,607,385
Bail Bond Board Account			-0-
Jury Fund		5,660	5,660
Grants Fund		10,645	10,645
Library Grants		8,021	8,021
Emergency Food & Shelter			-0-
Child Abuse Prevention/Family Protection Fund			-0-
Court House Security Fund		4,672	4,672
Commissioners Court RPF			-0-
County Clerk RPF		28,631	28,631
District Clerk RPF		561	561
County & District Court Tech Fund			-0-
District Court Tech/Archive Fund			-0-
JP Technology Fund		2,560	2,560

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
JP Court Security Fund			-0-
Juvenile Probation Fund		303,047	303,047
Juvenile Stand Grant Fund		105,339	105,339
Juvenile Title IV-E Fund		-0-	-0-
Juvenile 4-H Action Fund		-0-	-0-
JPO-State Aid		174,549	174,549
County Clerk Election Fund			-0-
County Clerk Records Archive Fund			-0-
Tax A/C Voter Registration Fund			-0-
VCLG Grant Fund		28,425	28,425
Pre-Trial Diversion Fund		12,850	12,850
DWI Video Fund		22	22
County Attorney Drug Forfeiture		7,037	7,037
County Attorney Hot Check Fee Fund		4,520	4,520
Sheriff Commissary Fund		14,143	14,143
Sheriff Forfeiture Fund-State		2,824	2,824
Sheriff Forfeiture Fund-Federal		940	940
County Libraries		4,227	4,227
Historical Commission			-0-
Capital Outlays	611,690	49,750	661,440
Debt Service:			
Principal	159,098		159,098
Interest	9,572		9,572
TOTAL EXPENDITURES	\$ 7,576,439	\$ 768,422	\$ 8,344,861
Excess (Deficiency) of Revenues Over Expenditures	\$ 868,248	\$ (352,080)	\$ 516,167
OTHER FINANCING SOURCES (USES)			
Proceeds From Sale of Assets	\$ 47,800	\$	\$ 47,800
Operating Transfers In	9,900,984	357,277	10,258,261
Operating Transfers Out	(11,269,949)		(11,269,949)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,321,165)	\$ 357,277	\$ (963,888)
Net Change in Fund Balances	\$ (452,918)	\$ 5,197	\$ (447,721)
Fund Balances - Beginning	4,943,522	479,761	5,423,284
Fund Balances - Ending	\$ 4,490,604	\$ 484,958	\$ 4,975,562
	=====	=====	=====

The accompanying notes are an integral part of this statement.
(19)

LAMB COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of activities ("SOA") are different because:

Net change in fund balances - total governmental funds.	\$ (447,721)
Capital outlays are not reported as expenses in the SOA.	661,440
Capital asset depreciation used in governmental activities is not reported in the funds.	(698,655)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	4,156
Governmental funds only report the sale of assets to the extent proceeds are received from the sale. In the SOA, a gain or loss is reported.	(35,000)
Some expenditures (e.g. principal debt payment) on fund statements are not expenses in the SOA.	159,098
(Increase)decrease in accrued interest payable from beginning of period to end of period.	(2,509)
Implementing GASB #68 required certain expenditures to be de-expended.	158,789
Change in net position of governmental activities.	\$ (200,402) ----- =====

LAMB COUNTY, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2015

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$	73,606
Patient Accounts Receivable, Net of Allowances		778,152
Estimated Third-Party Payer Settlements		3,810
Other Receivable - Lamb County		714,595
Inventory of Supplies		269,268
Prepaid Expenses and Other Current Assets		573,955

TOTAL CURRENT ASSETS	\$	2,413,386

CAPITAL ASSETS

Net of Accumulated Depreciation		2,025,862

TOTAL ASSETS	\$	4,439,248

LIABILITIES:

CURRENT LIABILITIES

Accounts Payable	\$	252,717
Accrued Payroll, Benefits and Related Liabilities		326,795
Other Accrued Liabilities		50,057

TOTAL CURRENT LIABILITIES	\$	629,569

TOTAL LIABILITIES	\$	629,569

NET POSITION

Net Investment in Capital Assets	\$	2,398,866
Unrestricted		1,410,813

TOTAL NET POSITION	\$	3,809,679
		=====

The accompanying notes are an integral part of this statement.
(21)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

OPERATING REVENUES	
Net Patient Service Revenue	\$ 7,883,504
Electronic Health Records Stimulus	536,594
Other Revenue	128,326

TOTAL OPERATING REVENUES	\$ 8,548,424

OPERATING EXPENSES	
Salaries	\$ 4,400,037
Employee Benefits	744,987
Professional Fees and Purchased Services	2,769,858
Supplies and Other	2,857,018
Depreciation and Amortization	349,516

TOTAL OPERATING EXPENSES	\$ 11,121,416

Operating Income (Loss)	\$ (2,572,992)

NONOPERATING REVENUES (EXPENSES)	
Tobacco Settlement Revenue	\$ 28,556
Noncapital Grants and Contributions	54,319
Indigent Care Support	1,431,455
Interest Income	10,656
Intergovernmental Transfers	(850,008)

TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 674,978

Income (Loss) Before Capital Grants and Contributions & County Subsidies	\$ (1,898,014)
Capital Grants and Contributions	-0-
County Subsidies	997,063

Change in Net Position	\$ (900,951)

Net Position - Beginning	4,710,630

Net Position - Ending	\$ 3,809,679
	=====

The accompanying notes are an integral part of this statement.
(22)

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 9,523,568
Payments to Suppliers and Contractors	(5,602,875)
Payments to Employees	(5,166,450)
Other Receipts and Payments, Net	1,185,657

Net Cash Provided(Used) by Operating Activities	\$ (60,100)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Invested in Funds Held by Lamb County	\$ (48,741)
County Subsidies	997,063
Noncapital Grants and Contributions	54,319
Proceeds From Tobacco Settlement	28,556
Intergovernmental Transfers	(850,008)

Net Cash Provided(Used) by Noncapital Financing Activities	\$ 181,189

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (163,014)

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (163,014)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	\$ 10,656

Net Cash Provided(Used) by Investing Activities	\$ 10,656

Net Increase(Decrease) in Cash and Cash Equivalents	\$ (31,269)

Cash and Cash Equivalents at the Beginning of Year	104,875

Cash and Cash Equivalents at the End of Year	\$ 73,606
	=====

The accompanying notes are an integral part of this statement.
(23)

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (2,572,992)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided(Used) by Operating Activities:	
Depreciation and Amortization	\$ 349,516
Provision for Bad Debts	1,881,648
Indigent Care Support	1,431,455
(Increase)Decrease in:	
Accounts Receivable	(1,840,687)
Estimated Third-Party Payer Settlements	(22,123)
Prepaid Expenses and Other Current Assets	707,334
Increase(Decrease) in:	
Accounts Payable	25,179
Accrued Payroll, Benefits and Related Liabilities	(21,426)
Other Accrued Liabilities	1,996
Total Adjustments	\$ 2,512,892
Net Cash Provided(Used) by Operating Activities	\$ (60,100)

The accompanying notes are an integral part of this statement.
(24)

LAMB COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	Agency Funds

ASSETS:	
Cash and Cash Equivalents	\$ 463,500
Accounts Receivable	-0-

Total Assets	\$ 463,500

LIABILITIES:	
Accounts Payable	\$ 6,396
Due to Other Groups	433,569
Due to Trust Beneficiaries	23,535

Total Liabilities	\$ 463,500

The accompanying notes are an integral part of this statement.
(25)

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

A. REPORTING ENTITY

This report includes all of the services provided by the County to residents and businesses within its boundaries. In evaluating the County's reporting entity in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, management has included all organizations that make up the County's legal entity and all component units. Consistent with applicable guidance, the criteria used by the County to include component units within its reporting entity are financial accountability and/or the nature and significance of the relationship with the County is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County includes organizations as component units under the following financial accountability criteria:

1. Organizations for which the Commissioners' Court appoints a voting majority of the organizations' governing body and for which (a) the County is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
2. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the County.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

B. BASIS OF PRESENTATION

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the County's governmental activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the County's statement of net position includes both noncurrent assets and noncurrent liabilities of the County. In addition, the government-wide statement of activities reflects depreciation expenses on the County's fixed assets, including infrastructure.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the County's governmental programs. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Statement No. 34 also requires the County to present a Management's Discussion and Analysis (MD&A) which provides an analytical overview of the County's financial activities. Although it is Required Supplementary Information (RSI), the County is required to present the MD&A before the basic financial statements. In addition, a budgetary comparison statement that compares the adopted and modified General Fund budget with actual results is required to be presented as RSI.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

B. BASIS OF PRESENTATION (continued)

In addition to the government-wide financial statements, the County has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the County's General Fund is similar to that previously presented in the County's financial statements, although the format of financial statements has been modified by Statement No. 34.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

Proprietary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

The County has presented the following Major Governmental Fund:
General Fund (GF) The County accounts for financial resources used for general operations in this fund. It is a budgeted fund, and any fund balances are considered resources available for current operations. The general fund accounts for all financial resources except those required to be accounted for in another fund.

The County has presented the following Major Proprietary Fund:
Lamb Healthcare Center This is an enterprise fund of Lamb County. It was established for the purpose of maintaining a system to provide hospital and medical care to the residents of Lamb County.

In addition, the County reports the following fund types:
Agency Funds These funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds have no measurement focus.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

The County's agency funds consist of amounts collected by the individual County fee offices for court costs, vehicle registration fees, victim restitution payments, pre-trial attorney fees, bail bond payments, seizures, inmate trust funds, cafeteria plan funds and trust beneficiaries.

Fiduciary Funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

D. CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, all highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

E. RECEIVABLE AND PAYABLE BALANCES

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

F. INTERFUND ACTIVITY

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

G. INVENTORIES AND PREPAID ITEMS

The County maintains very little inventory and as a result, the cost is recorded as an expenditure at the time individual inventory items are purchased. Any inventory on the balance sheet is stated at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest costs incurred during construction of capital assets are capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class -----	Estimated Useful Lives (Years) -----
Buildings & Improvements	7-50
Machinery & Equipment	7-15
Vehicles	8
Office Equipment	5-20

I. ENCUMBRANCES

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The County had no outstanding end-of-year encumbrances.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

J. PERSONAL LEAVE

County employees (other than Sheriff office employees) earn personal leave in varying amounts and do not earn sick leave. Unused personal leave may be accumulated up to 216 hours and is paid upon termination of employment. Sheriff office employees earn varying amounts of vacation time with a maximum accrual of 120 hours and end of year carryover of 40 hours and is paid upon termination of employment. Sheriff office employees earn 3.08 hours of sick pay per pay period with a maximum accrual of 80 hours and end of year carryover of 40 hours. Lamb County will not pay the employee for unused sick leave time accumulated. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt county employees are granted compensatory time for hours worked beyond their regular working hours. Accumulated compensatory time is also paid upon termination of employment.

The County has identified a liability for accumulated personal leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The contingent liability for accumulated personal leave at 9-30-15 was \$118,068.

K. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of The Texas County & District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

L. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the County's governing body. Committed amounts cannot be used for any other purpose unless the governing body removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing body. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing body or by an official or body to which the governing body delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

L. FUND BALANCES (continued)

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

N. NEW ACCOUNTING STANDARDS ADOPTED

In fiscal year 2015, the County adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No.67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No.25*
- Statement No.68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No.27ea*
- Statement No.69, *Government Combinations and Disposals of Governmental Operations*
- Statement No.70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No.68.*

1. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- (a) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- (b) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

N. NEW ACCOUNTING STANDARDS ADOPTED (continued)

- (c) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the County's financial statements.

2. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

N. NEW ACCOUNTING STANDARDS ADOPTED (continued)

The requirements of Statement No. 68 apply to the financial statements of all state and local government employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the County's governmental fund financial statements. However, the adoption has resulted in the restatement of the County's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

3. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

N. NEW ACCOUNTING STANDARDS ADOPTED (continued)

There was no impact on the County's financial statements as a result of the implementation of Statement No. 69.

4. Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the County's financial statements as a result of the implementation of Statement No.70.

5. Statement No.71 amends Statement No.68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the County's final year-end, the effects from the County's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the County Judge reviews the operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted when applicable by law.
3. Prior to October 1, the budget is legally enacted by acceptance of the Commissioners' Court.
4. Transfer of budgeted amounts between line items is authorized within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Commissioners' Court.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget was properly amended by the Commissioners' Court as needed throughout the year. There were no significant budget amendments passed during the 14-15 fiscal year.

NOTE 3: COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No.38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Juvenile Probation	3,627	Nonmajor Fund
JPO State Aid	9,035	Nonmajor Fund
VCLG Grant	2,447	Nonmajor Fund
Sheriff Forfeiture - Federal	1	Nonmajor Fund

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 4: DEPOSITS AND INVESTMENTS

The County's funds are required to be deposited and invested under the terms of depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") coverage.

Cash Deposits:

At September 30, 2015, the carrying amount of the County's total deposits (cash, certificates of deposit, and interest-bearing savings accounts) included in cash was \$6,073,596 and the bank balance was \$6,417,854. The County's cash deposits at September 30, 2015 and during the year ended September 30, 2015, were entirely covered by FDIC insurance and by pledged collateral held by the County's agent bank in the County's name.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1)safety of principal and liquidity, 2)portfolio diversification, 3)allowable investments, 4)acceptable risk levels, 5)expected rates of return, 6)maximum allowable stated maturity of portfolio investments, 7)maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8)investment staff quality and capabilities, and 9)bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Investment Accounting Policy:

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Current investments of \$29 are invested in TexPool (a non SEC-registered investment pool). TexPool is rated AAAM by Standard & Poor's. TexPool is the largest and oldest government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. The carrying amount of \$29 and the fair value are the same.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to concentration of credit risk.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

NOTE 5: PROPERTY TAX

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

NOTE 6: DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between the General Fund and Debt Service Fund, when applicable, based on rates adopted for the year of the levy. There was no allocation for the Debt Service Fund in the current year. Allowances for uncollectibles are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 32,970			\$ 32,970
Construction in Progress	264,147	226,790		490,937
Total capital assets not being depreciated	\$ 297,117	\$ 226,790	\$ -0-	\$ 523,907
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	\$ 9,654,359	\$ 92,113	\$	\$ 9,746,471
Machinery and Equipment	2,362,334	88,140	(159,000)	2,291,473
Vehicles	2,323,503	218,375	(232,833)	2,309,044
Office Equipment	2,019,566	72,940	(65,000)	2,027,506
Capital Leases	910,590	150,750	(167,500)	893,841
Total capital assets being depreciated	\$ 17,270,351	\$ 622,318	\$ (624,333)	\$ 17,268,336
<i>Less accumulated depreciation for:</i>				
Buildings and Improvements	\$ (6,851,632)	\$ (118,028)	\$	\$ (6,969,660)
Machinery and Equipment	(1,849,913)	(126,667)	124,000	(1,852,578)
Vehicles	(1,482,424)	(171,879)	195,915	(1,458,387)
Office Equipment	(1,586,765)	(191,217)	65,000	(1,712,982)
Capital Leases	(207,816)	(90,864)	16,750	(281,931)
Total accumulated depreciation	\$ (11,978,549)	\$ (698,655)	\$ 401,665	\$ (12,275,539)
Total capital assets being depreciated, net	\$ 5,291,802	\$ (76,337)	\$ (222,668)	\$ 4,992,797
Governmental activities capital assets, net	\$ 5,588,919	\$ 150,453	\$ (222,668)	\$ 5,516,704

Depreciation expense, including capital lease amortization expense, was charged to functions/programs of the governmental activities as follows:

General government	\$ 247,593
Public safety	221,565
Highways and streets	229,497

	\$ 698,655
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 8: OPERATING/CAPITAL LEASES

The County has entered into various operating lease agreements for Xerox, Ricoh, Sharp and Konica copiers and printers. Commitments under these operating (noncapitalized) lease agreements provide for future minimum rental payments as of September 30, 2015 as follows:

Year Ending -----	
2016	\$ 31,638
2017	20,280
2018	10,931
2019	5,786
2020	1,131

Total Minimum Rental Payments	\$ 69,766
	=====
Rental Expenditures in FYE 2015	\$ 32,125
	=====

In FYE 2010, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140H Motor Grader for Precinct #3. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.94%. The amount of interest paid in the current year was \$647. Commitments under this capitalized lease agreement expired during the current year.

In FYE 2011, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M Motor Grader for Precinct #1. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.41%. The amount of interest paid in the current year was \$1,714. Commitments under this capitalized lease agreement expired during the current year.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 8: OPERATING/CAPITAL LEASES (continued)

In FYE 2012, the County entered into a lease agreement on a Canon IR C5030 copier. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with no interest. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2015 as follows:

Year Ending -----	
2016	\$ 938

Total Minimum Lease Payments	\$ 938
Less Amount Representing Interest	-0-

Present Value - Minimum Lease Payments	\$ 938
	=====

In FYE 2012, the County entered into an equipment lease-purchase agreement on a JD 770G Motor Grader for Precinct #4. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.25%. The amount of interest paid in the current year was \$3,735. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2015 as follows:

Year Ending -----	
2016	\$ 25,641

Total Minimum Lease Payments	\$ 25,641
Less Amount Representing Interest	(479)

Present Value - Minimum Lease Payments	\$ 25,162
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 8: OPERATING/CAPITAL LEASES (continued)

In FYE 2014, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M2 Motor Grader for Precinct #4. This lease agreement qualified as a capital lease for accounting purposes and, therefore, had been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 2.70%. During the current year, the County traded this equipment on a John Deere Model 770G Motor Grader and, thereby, canceling all commitments under this capitalized lease agreement. The amount of interest incurred in the current year was \$1,269 - which was rolled over into the new John Deere obligation.

In FYE 2014, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M2 AWD Motor Grader for Precinct #2. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 2.70%. The amount of interest paid in the current year was \$3,475. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2015 as follows:

Year Ending -----	
2016	\$ 32,774
2017	32,774
2018	32,774
2019	32,774

Total Minimum Lease Payments	\$ 131,096
Less Amount Representing Interest	(8,395)

Present Value - Minimum Lease Payments	\$ 122,701
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 8: OPERATING/CAPITAL LEASES (continued)

During the current year, the County entered into an equipment lease-purchase agreement on a John Deere Model 770G Motor Grader for Precinct #4. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 2.70%. The amount of interest paid in the current year was \$-0-. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2015 as follows:

Year Ending -----	
2016	\$ 36,537
2017	36,537
2018	36,537
2019	36,537
2020	36,537

Total Minimum Lease Payments	\$ 182,685
Less Amount Representing Interest	(13,916)

Present Value - Minimum Lease Payments	\$ 168,769
	=====

NOTE 9: LONG-TERM DEBT

Changes in Long-Term Liabilities:

	Balance 10-01-14 -----	Increase -----	Decrease -----	Balance 09-30-15 -----	Amounts Due Within One Year -----
Capital Leases	\$ 475,399	\$ 168,769	\$ 326,598	\$ 317,570	\$ 87,539
	-----	-----	-----	-----	-----
Total Long-Term Liabilities	\$ 475,399	\$ 168,769	\$ 326,598	\$ 317,570	\$ 87,539
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 10: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds
Balances due to and due from other funds at September 30, 2015 consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
Proprietary Fund-Hospital	General Fund	\$ 714,595
General Fund	Agency Funds	7,100
Other Governmental Fund	Other Governmental Fund	1
Other Governmental Fund	Agency Fund	1

		\$ 721,697
		=====

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds
Transfers to and from other funds at September 30, 2015 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 357,277
Proprietary Fund-Hospital	LHC	9,900,984
LHC	Proprietary Fund-Hospital	10,912,672

		\$ 21,170,933
		=====

Interfund balances are short-term loans and interfund transfers are subsidy transfers from unrestricted funds.

NOTE 11: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year end 2015, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 12: SELF-INSURED INSURANCE

The County is a member of the Texas Association of Counties Risk Management Pool, a public entity risk pool currently operating as a common risk management and insurance program for Workers' Compensation, General Liability, Law Enforcement Liability, Public Officials Liability and Property/Casualty coverage. The County pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Texas Association of Counties Risk Management Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of insured amounts. The pooling agreement requires the pool to be self-sustaining.

NOTE 13: SUBSEQUENT EVENTS

There has been no significant subsequent event which would have a material effect on the financial statements as of the Independent Auditor's Report date.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Lamb County has an agreement with the State of Texas to pay any unemployment wages which are directly related to unemployed employees of the County. The amounts by which this contingency would affect the financial statements are not determinable. However, management is confident that this contingency would be a seldom occurrence.

The County participates in state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 15: LITIGATION

The County was not involved in any significant litigation as of September 30, 2015.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

NOTE 16: PENSION BENEFITS PLAN

A. PLAN DESCRIPTION

Lamb County provides retirement, disability and survivor benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer, public-employee retirement system consisting of 677 cash balance-account type defined benefit pension plans. TCDRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at www.TCDRS.org.

B. BENEFITS PROVIDED

The plan provisions are adopted by the governing body of each county or district, within the options available in the TCDRS Act. Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 75 or more. Most members have a vested right to a future pension benefit after 8 years of service, but must leave their contributions in TCDRS until retirement age is attained. If a member withdraws his personal contributions in a lump-sum, he forfeits the right to any employer contributions.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, disability or death, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using the actuarial equivalent as prescribed by the TCDRS Act.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

B. BENEFITS PROVIDED (continued)

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	60
Active employees	93

	218

C. CONTRIBUTIONS

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 12.48% for the months of the accounting year in 2014, and 12.48% for the months of the accounting year in 2015. The contribution rate payable by the employee members for fiscal year 2015 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County's contributions to TCDRS for the 2015 FY were \$416,790, and were equal to the required contributions.

D. NET PENSION LIABILITY

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

Actuarial Assumption

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009-December 31, 2012, except where required to be different by GASB 68.

Following is a description of the assumptions used in the December 31, 2014 actuarial valuation analysis for Lamb County.

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.

- An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth	3.5%

The payroll assumption is for the aggregate covered payroll of an employer.

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members - New employees are assumed to replace any terminated members and have similar entry ages.

Disability - Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Mortality

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement - Members eligible for service retirement are assumed to retire at the rates shown in an experience-based table that are specific to the County's plan of benefits.

Employer-specific demographic assumptions:

Other Terminations of Employment - The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement are shown in an experience-based table of rates that are specific to the County's plan of benefits. The rates vary by length of service, entry-age group (age at hire) and sex. No termination after eligibility for retirement is assumed.

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in an experience-based table that are specific to the County's plan of benefits. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 - December 31, 2013 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World(net) Index	1.50%	5.65%
International Equities-Developed	50% MSCI World Ex USA(net)+ 50% MSCI World ex USA 100% Hedged to USD(net) Index	11.00%	5.35%
International Equities-Emerging	50% MSCI EM Standard(net) Index + 50% MSCI EM 100% Hedged to USD(net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

Discount Rate

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in Net Pension Liability/(Asset)

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
	-----	-----	-----
Balances as of December 31, 2013	\$ 14,971,272	\$ 13,829,705	\$ 1,141,567
Changes for the year:			
Service cost	485,206		485,206
Interest on total pension liability	1,202,686		1,202,686
Effect on plan changes			-0-
Effect of economic/demographic gains or losses	(86,320)		(86,320)
Effect of assumptions changes or inputs			-0-
Refund of contributions	(49,686)	(49,686)	-0-
Benefit payments	(687,005)	(687,005)	-0-
Administrative expenses		(11,010)	11,010
Member contributions		240,242	(240,242)
Net investment income		952,041	(952,041)
Employer contributions		428,314	(428,314)
Other		50,544	(50,544)
Balances as of December 31, 2014	\$ 15,836,154	\$ 14,753,145	\$ 1,083,009

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

D. NET PENSION LIABILITY (continued)

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the Lamb County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease (7.10%)	Current Discount Rate (8.10%)	1% Increase (9.10%)
	-----	-----	-----
Total pension liability	\$ 17,655,818	\$ 15,836,154	\$ 14,320,543
Fiduciary net position	14,753,145	14,753,145	14,753,145
Net pension liability(asset)	\$ 2,902,673	\$ 1,083,009	\$ (432,602)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.TCDRS.gov.

E. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended 9/30/15, the County recognized pension expense of \$292,064. The calculation was based on the measurement date of 12/31/14.

As of December 31, 2014, the deferred outflows and inflows of resources are as follows:

Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	-----	-----
Differences between expected and actual experience	\$ -0-	\$ 64,740
Changes of assumptions	-0-	-0-
Net difference between projected and actual earnings	142,432	-0-
Contributions made subsequent to measurement date	337,982	N/A
Total	\$ 480,414	\$ 64,740

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2015

E. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending September 30	
2015	\$ 14,028
2016	14,028
2017	14,028
2018	35,608

	\$ 77,692

17: HEALTHCARE COVERAGE

During the year ended September 30, 2015, all full time employees were covered by a healthcare insurance plan. The County pays the total cost of premiums for the employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. This healthcare plan provided through the Texas Association of Counties Health and Employee Benefits Pool is with a Blue Cross Blue Shield Preferred Provider Organization (PPO), is renewable October 1, 2015, and the terms of coverage and contribution costs are included in the contractual provisions.

NOTE 18: PRIOR PERIOD ADJUSTMENT

During fiscal year 2015, the County adopted GASB Statement No. 68 for accounting and reporting for pensions. Under GASB No. 68, the County must report the net pension liability, pension expense, and related deferred outflows and inflows of resources associated with providing retirement benefits to their employees (and former employees) in their basic financial statements. Adoption of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$826,124. The restated beginning net position for the Governmental Activities is \$10,000,123.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

LAMB HEALTHCARE CENTER

As of June 28, 1991, by order of the Commissioners' Court, the County Judge was authorized to execute a contract for the purchase of the hospital real property, improvements, personal property, and all other assets of the Lamb County Hospital Authority. On August 1, 1991, the County purchased all of the assets and assumed all the liabilities of the Lamb County Hospital Authority. The new entity became Lamb County Hospital Authority d/b/a Lamb Healthcare Center (The "Hospital"). The following disclosures pertain specifically to the Lamb Healthcare Center Fund.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Hospital is an enterprise fund of Lamb County, State of Texas. It was established for the purpose of maintaining a system to provide hospital and medical care to the residents of Lamb County, Texas. The Hospital is supported, in part, by ad valorem tax revenue assessed on real and personal property by the County each year, and subsidies from the County. The Hospital is responsible for the indigent healthcare of the County.

Enterprise Fund Accounting - The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The Hospital has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Hospital considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third party payers.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Accounts Receivable - The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management's judgement, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management's evaluation of the collectibility of patient accounts receivable, including the nature of the accounts, credit concentrations, trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractals are generally determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Inventory of Supplies - Inventories are stated at historical cost on the First-In/First-Out (FIFO) method.

Capital Assets - Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital has elected to capitalize expenditures over \$5,000 and provide for depreciation of capital assets on the straight-line method and at rates promulgated by the American Hospital Association which are designed to amortize the cost of such equipment over its useful life as follows:

Land Improvements	15 to 20 years
Building (Components)	5 to 50 years
Fixed Equipment	7 to 25 years
Major Moveable Equipment	3 to 20 years

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position - Net position of the Hospital is classified into two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Operating Revenues and Expenses - For purposes of display, the Hospital's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services other than financing costs.

Federal Income Taxes - The Hospital is a governmental entity and, therefore, exempt from federal and state income taxes under the Internal Revenue Code. No expense has been provided for income taxes in the accompanying financial statements.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge at amounts less than its established rates. Management's policy for provision of charity care is to request proof of income and personal property values, proof of Lamb County residency, number of household members, other benefits received, and other pertinent information. The Hospital applies Federal Poverty Guidelines to determine patient eligibility and performs an application review every six months after approval. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, charity care is excluded from net patient revenue.

County Subsidy - County subsidies are interfund transactions that are recognized as nonoperating revenue when received.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions - From time to time, the Hospital receives grants from the state as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Risk Management - The Hospital 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 disaster; and employee health, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 2: NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is a Sole Community Hospital, which entitles it to a higher payment per inpatient Medicare discharge. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement method. The Hospital is reimbursed for allowable costs at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2: NET PATIENT SERVICE REVENUE (continued)

Medicaid - Inpatient services are paid under prospectively determined rates per discharge, which include reimbursement for capital costs, based on a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are paid based on the lower of reasonable costs or customary charges, a fee schedule or blended rates.

Other - The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Net Patient Revenue is comprised as follows:

Routine Patient Services	\$ 533,370
Ancillary Patient Services	
Inpatient	3,608,991
Outpatient	10,855,805

Gross Patient Service Revenue	\$ 14,998,166
Charity	(301,985)
Third-Party Contractual Adjustments	(5,968,741)
Provision for Bad Debts	(1,881,648)
Medicaid Supplemental Payments & Other Credits	1,037,712

Net Patient Service Revenue	\$ 7,883,504
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2: NET PATIENT SERVICE REVENUE (continued)

Estimated Third-Party Payer Settlements - Laws and regulations governing the Medicare and Medicaid 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. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statements as they are determined by the Hospital. Estimated third-party payer settlements recorded in current assets (liabilities) at September 30, 2015 are \$3,810.

Charity Care - The value of charity care provided by the Hospital based upon its established rates, was \$301,985 in 2015. ASU 2010-23 requires charity care to be disclosed on a cost basis. The Hospital utilizes the cost to charge ratios, as calculated based on its most recent cost reports, to determine the total cost. The Hospital's cost of providing charity care was estimated at \$221,049 for the year ended September 30, 2015.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2015, the carrying amount of the Hospital's deposits with financial institutions was \$73,606 and the bank balance was \$272,930. The bank balance is protected by Federal Deposit Insurance Corporation coverage and by the County's specific securities pledged to secure the deposits. All cash is deposited through the County Commissioners Office. The County Commissioners meet twice a month, the second and fourth Monday of the month to approve all cash disbursements.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 4: PATIENT ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30, 2015:

Gross Accounts Receivable	\$ 2,182,614
Less: Allowance for Bad Debts	(1,025,156)
Allowance for Contractuals	(379,306)

Accounts Receivable, Net of Allowance	\$ 778,152
	=====

Concentration of Credit Risk - The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2015 is as follows:

Medicare	27%
Medicaid	12%
Other Third-Party Payers	12%
Patients	49%

Total	100%
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5: CAPITAL ASSETS

The following is a summary of capital assets at cost less accumulated depreciation:

	Balance 9/30/14	Additions	Retirements	Balance 9/30/15
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	1,022,226			1,022,226
Equipment	5,420,104	163,014		5,583,118
<hr/>				
Totals at historical cost	\$ 6,504,152	\$ 163,014	\$ -0-	\$ 6,667,166
<hr/>				
Less Accumulated Depreciation for:				
Land Improvements	\$ (361,128)	\$ (68,294)	\$	\$ (429,422)
Equipment	(3,930,660)	(281,222)		(4,211,882)
<hr/>				
Total Accumulated Depreciation	\$(4,291,788)	\$ (349,516)	\$ -0-	\$(4,641,304)
<hr/>				
Capital Assets, Net	\$ 2,212,364	\$ (186,502)	\$ -0-	\$ 2,025,862
	=====	=====	=====	=====

Depreciation expense for the year ended September 30, 2015 was \$349,516.

NOTE 6: SECTION 1115 DEMONSTRATION WAIVER PROGRAM

Uncompensated Care - The Hospital participated in the Section 1115 Demonstration Waiver Program, a program designed to benefit rural community hospitals. This program is facilitated through the Hospital providing an intergovernmental transfer whereby federal matching funds are provided to supplement the Hospital for the shortfall in Medicaid funding. In connection with this program, the Hospital provided intergovernmental transfers of \$429,777 and received \$1,068,382 for the year ended September 30, 2015. The Hospital recognized revenue of \$605,135 for the year ended September 30, 2015. The respective net revenue is included in net patient service revenue in the statement of revenues, expenses, and changes in fund net position. Net revenue included in prepaid expense and other current assets in the statement of net position was \$197,778.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6: SECTION 1115 DEMONSTRATION WAIVER PROGRAM (continued)

Delivery System Reform Incentive Program - As part of the Section 1115 Demonstration Waiver Program, the Hospital is eligible to receive incentive payments through the Delivery System Reform Incentive Payment Program (DSRIP). This incentive program is designed to improve the experience of care, improve the health of populations, and containing costs. By participating in the DSRIP program, the Hospital provides an intergovernmental transfer to finance the non-federal share of the incentive payments. In connection with this program, the Hospital provided intergovernmental transfers of \$186,328 and received \$444,166 for the year ended September 30, 2015. The Hospital recognized net revenue of \$-0- for the year ended September 30, 2015. Net revenue included in prepaid expense and other current assets in the statement of net position was \$-0-.

Indigent Care Affiliation Agreement - Under the Section 1115 Demonstration Waiver Program, the Hospital is part of an indigent care affiliation agreement with the Service Organization of West Texas. This agreement is intended to increase funding for the Medicaid population and to access federal funding for the indigent population. Under this program, the Hospital transfers certain governmental funds to the State of Texas. The Service Organization of West Texas then provides care to the Medicaid and non-Medicaid indigent in the region and surrounding communities. These services were valued at \$1,431,455 for the year ended September 30, 2015. As part of the affiliation agreement, the Hospital provided \$850,008 in funding to the program for the year ended September 30, 2015.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7: ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM

The Electronic Health Records Incentive Program, enacted as part of the American Recovery and Reinvestment Act of 2009, provides for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based upon a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the State, which is approved by The Center for Medicare and Medicaid Services. Payments under both programs are contingent on the Hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause the final amounts to differ from the initial payments under the program.

The Hospital recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period. During September 30, 2015, the Hospital met the fourth and third year requirements under the Medicare program and has recorded revenue of \$455,994. During September 30, 2015, the Hospital met the fourth and third year requirements under the Medicaid program and has recorded revenue of \$80,600.

NOTE 8: MEDICAID DISPROPORTIONATE SHARE FUNDS

The Indigent Health Care and Treatment Act, passed by the 69th Texas Legislature in 1985, first apportioned funds to the Texas Department of Human Services (DHS) to provide assistance to hospitals providing a disproportionate share of inpatient indigent health care. The State of Texas created a mechanism whereby intergovernmental transfers were made between selected hospitals and county hospitals to generate additional federal matching funds. Hospitals participating in the Medicaid program that meet the conditions of participation and that serve a disproportionate share of low-income patients as defined by state law are eligible for additional reimbursement from the disproportionate share hospital fund. There are direct and implied expectations regarding the purpose of this funding.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8: MEDICAID DISPROPORTIONATE SHARE FUNDS (continued)

The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal laws offer considerable flexibility to recipient hospitals regarding specific use of the funds. In connection with this program, the Hospital provided intergovernmental transfers of \$274,291 and received \$868,898 for the year ended September 30, 2015. The Hospital recognized revenue of \$432,577 for the year ended September 30, 2015. The respective net revenue is included in net patient service revenue in the statement of revenues, expenses, and changes in net position. Net revenue included in prepaid expense and other current assets in the statement of net position at September 30, 2015 was \$39,746.

NOTE 9: MEDICAL MALPRACTICE CLAIMS

The Hospital is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person/\$300,000 per occurrence. These limits coincide with the malpractice insurance coverage maintained by the Hospital. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL AUTHORITY d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 10: COMMITMENTS AND CONTINGENCIES

Litigation - In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's self-insurance program or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. In the opinion of management, the ultimate resolution of pending legal proceedings, if any, will not have a material effect on the Hospital's financial position or results of operations.

Leases - The Hospital leases various equipment and facilities under operating leases expiring at various dates. Total rental expense, including operating leases, in 2015 was \$161,651.

NOTE 11: RELATED PARTIES

County - The Hospital receives funds from the County for indigent patient care, capital improvements, repairs, and other operating costs. These funds are partially provided through the County's general tax revenues. During 2015 the Hospital received \$997,063 from the County for operations.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events of the hospital have been evaluated for possible adjustment to the financial statements or disclosure through March 21, 2016, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GENERAL FUND TYPES
For The Year Ended September 30, 2015

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 7,002,035	\$ 7,002,035	\$ 7,062,062	\$ 60,027
Charges for Services	467,750	467,750	405,664	(62,086)
Licenses & Permits	750	750	396	(354)
Commissions	539,500	539,500	519,983	(19,517)
Intergovernmental	197,000	197,000	307,129	110,129
Interest Income	70,000	70,000	70,375	375
Other Revenue	83,000	83,000	79,077	(3,923)
Total Revenues	\$ 8,360,035	\$ 8,360,035	\$ 8,444,686	\$ 84,651
Expenditures				
District Judge	\$ 171,557	\$ 171,557	\$ 148,247	\$ 23,310
District Clerk	162,450	162,450	120,225	42,225
County Judge	173,575	173,575	172,506	1,069
County Clerk	242,027	252,027	224,993	27,034
Tax Assessor	200,389	200,389	191,857	8,532
Treasurer	119,973	119,973	108,362	11,611
County Attorney	170,241	170,241	140,874	29,367
Justice of Peace - Pct #1-4	303,899	303,899	275,139	28,760
Veterans & Welfare	80,273	80,273	61,734	18,539
Adult Probation	950	950	785	165
Ag Extension Office	111,873	111,873	97,969	13,904
Sheriff	1,556,089	1,547,089	1,301,597	245,492
Jail	947,572	936,942	883,633	53,309
County Libraries	256,624	256,624	231,384	25,241
Auditor	150,294	150,294	139,244	11,050
Non-Departmental	767,500	747,500	491,503	255,997
Maintenance	160,378	160,378	117,434	42,944
Ag & Community Centers	35,400	35,400	25,344	10,056
Public Safety	317,258	317,258	253,531	63,727
Information Services	212,516	212,516	202,331	10,185
Road & Bridge - Pct #1-4	1,924,999	1,789,671	1,607,385	182,286
Capital Outlays	765,325	919,688	611,690	307,998
Principal	156,422	161,843	159,098	2,745
Interest	16,222	10,660	9,572	1,088
Total Expenditures	\$ 9,003,806	\$ 8,993,070	\$ 7,576,439	\$ 1,416,631

The accompanying notes are an integral part of this statement.
(72)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GENERAL FUND TYPES
For The Year Ended September 30, 2015

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (643,771)	\$ (633,035)	\$ 868,248	\$ 1,501,283
Other Financing Sources (Uses)				
Proceeds From Sale of Assets	\$ 25,000	\$ 25,000	\$ 47,800	\$ 22,800
Operating Transfers In	10,245,000	10,245,000	9,900,984	(344,016)
Operating Transfers Out	(11,552,368)	(11,613,368)	(11,269,949)	343,419
Total Other Financing Sources (Uses)	\$ (1,282,368)	\$ (1,343,368)	\$ (1,321,165)	\$ 22,203
Net Change in Fund Balances	\$ (1,926,139)	\$ (1,976,403)	\$ (452,918)	\$ 1,523,485
Fund Balances - Beginning	4,943,522	4,943,522	4,943,522	-0-
Fund Balance - Ending	\$ 3,017,383	\$ 2,967,119	\$ 4,490,604	\$ 1,523,485

The accompanying notes are an integral part of this statement.
(73)

LAMB COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED DECEMBER 31
 Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability										
Service Cost	\$ 485,206	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest on total pension liability	1,202,686	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Effect of plan changes	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Effect of assumption changes or inputs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Effect of economic/demographic(gains) or losses	(86,320)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Benefit payments/refunds of contributions	(736,690)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net Change in total pension liability	864,882	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total pension liability- beginning	14,971,272	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total pension liability - ending (a)	\$15,836,154	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fiduciary Net Position										
Employer contributions	\$ 428,314	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Member contributions	240,242	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Investment income net of investment expenses	952,041	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Benefit payments/refunds of contributions	(736,690)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Administrative expenses	(11,010)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other	50,544	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net change in fiduciary net position	923,440	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fiduciary net position- beginning	13,829,705	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fiduciary net position- ending (b)	\$14,753,145	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Net pension liability/(asset), ending=(a)-(b)	\$ 1,083,009	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fiduciary net position as a % of total pension liability	93.16%	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Pensionable covered payroll	\$ 3,432,025	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Net pension liability as a % of covered payroll	31.56%	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

LAMB COUNTY, TEXAS

SCHEDULE OF CONTRIBUTIONS
 YEAR ENDED DECEMBER 31
 Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 428,314	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions in relation to the actuarially determined contribution	\$ (428,314)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered employee payroll Contributions as a percentage of covered employee payroll	\$ 3,432,025	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	12.50%	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

NOTES TO SCHEDULE OF CONTRIBUTIONS

- Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
- Methods and Assumptions Used to Determine Contribution Rates:**
 - Actuarial Cost Method: Entry Age Normal
 - Amortization Method: Level Percentage of Payroll, Closed
 - Remaining Amortization Period: 15 years
 - Asset Valuation Method: 5 Year smoothed market
 - Inflation: 3.0%
 - Salary Increases: 3.50% to 8.93% including inflation
 - Investment Rate of Return: 8.10%
 - Retirement Age: Experience-based table of rates that are specific to the County's plan of benefits. Last updated for the 2014 valuation pursuant to an actuarial experience study of the period 2009-2012
 - Mortality: RP2000 Combined Mortality Table with the projection Scale AA
- Other Information:** There were no benefit changes during the year.
- Notes:**

COMBINING FUND FINANCIAL STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2015

	General -----	Road and Bridge -----	LHC -----	Total -----
Assets				
Cash and Cash Equivalents	\$ 4,023,440	\$ 765,491	\$ 711,898	\$ 5,500,829
Investments	11	8	10	29
Accounts Receivable	15,625	60,863	2,687	79,176
Delinquent Tax Receivable	329,366			329,366
Allowance for Uncollectible Tax	(32,937)			(32,937)
Due From Other Funds	7,100			7,100
Inventory	280			280
Total Assets	\$ 4,342,886 =====	\$ 826,362 =====	\$ 714,595 =====	\$ 5,883,843 =====
Liabilities				
Accounts Payable	\$ 199,520	\$ 73,113	\$	\$ 272,632
Accrued Liabilities	88,603	20,980		109,583
Due To Other Funds			714,595	714,595
Total Liabilities	\$ 288,122 -----	\$ 94,092 -----	\$ 714,595 -----	\$ 1,096,810 -----
Deferred Inflows of Resources				
Unavailable Revenue- Property Taxes	\$ 296,429 -----	\$ -----	\$ -----	\$ 296,429 -----
Total Deferred Inflows of Resources	\$ 296,429 -----	\$ -0- -----	\$ -0- -----	\$ 296,429 -----
Fund Balances				
Assigned for Retirement of L-T Debt	\$ 938	\$ 316,632	\$	\$ 317,570
Unassigned	3,757,396	415,638		4,173,034
Total Fund Balances	\$ 3,758,334 -----	\$ 732,270 -----	\$ -0- -----	\$ 4,490,604 -----
Total Liabilities, Deferred Inflows & Fund Balances	\$ 4,342,886 =====	\$ 826,362 =====	\$ 714,595 =====	\$ 5,883,843 =====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For The Year Ended September 30, 2015

	General	Road and Bridge	LHC	Total
	-----	-----	-----	-----
Revenues				

Taxes	\$ 4,918,971	\$ 1,137,829	\$ 1,005,261	\$ 7,062,062
Charges for Services	405,664			405,664
Licenses & Permits	396			396
Commissions	31,299	488,684		519,983
Intergovernmental	105,143	201,986		307,129
Interest Income	53,126	10,822	6,427	70,375
Other Revenue	78,686	392		79,077
	-----	-----	-----	-----
Total Revenues	\$ 5,593,285	\$ 1,839,713	\$ 1,011,688	\$ 8,444,686

Expenditures				

District Judge	\$ 148,247	\$	\$	\$ 148,247
District Clerk	120,225			120,225
County Judge	172,506			172,506
County Clerk	224,993			224,993
Tax Assessor	191,857			191,857
Treasurer	108,362			108,362
County Attorney	140,874			140,874
Justice of Peace - Pct #1-4	275,139			275,139
Veterans & Welfare	61,734			61,734
Adult Probation	785			785
Ag Extension Office	97,969			97,969
Sheriff	1,301,597			1,301,597
Jail	883,633			883,633
County Libraries	231,384			231,384
Auditor	139,244			139,244
Non-Departmental	491,503			491,503
Maintenance	117,434			117,434
Ag & Community Centers	25,344			25,344
Public Safety	253,531			253,531
Information Services	202,331			202,331
Road and Bridge - Pct #1-4		1,607,385		1,607,385
Capital Outlays	493,222	118,468		611,690
Principal	3,748	155,350		159,098
Interest		9,572		9,572
	-----	-----	-----	-----
Total Expenditures	\$ 5,685,664	\$ 1,890,775	\$ -0-	\$ 7,576,439

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For The Year Ended September 30, 2015

	General -----	Road and Bridge -----	LHC -----	Total -----
Excess (Deficiency) of Revenues Over Expenditures	\$ (92,379)	\$ (51,062)	\$ 1,011,688	\$ 868,248
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	\$ 3,000	\$ 44,800	\$ 9,900,984	\$ 47,800
Operating Transfers In			9,900,984	9,900,984
Operating Transfers Out	(306,277)	(51,000)	(10,912,672)	(11,269,949)
Total Other Financing Sources (Uses)	\$ (303,277)	\$ (6,200)	\$ (1,011,688)	\$ (1,321,165)
Net Change in Fund Balances	\$ (395,656)	\$ (57,262)	\$ -0-	\$ (452,918)
Fund Balances - Beginning	4,153,990	789,532	-0-	4,943,522
Fund Balances - Ending	\$ 3,758,334 =====	\$ 732,270 =====	\$ -0- =====	\$ 4,490,604 =====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2015

	Precinct One	Precinct Two	Precinct Three	Precinct Four	Total
ASSETS					
Cash and Cash Equivalents	\$136,673	\$203,652	\$ 36,931	\$388,236	\$ 765,491
Investments	8				8
Accounts Receivable	15,216	15,216	15,216	15,216	60,863
TOTAL ASSETS	\$151,897	\$218,868	\$ 52,146	\$403,452	\$ 826,362
LIABILITIES					
Accounts Payable	\$ 17,028	\$ 25,448	\$ 12,825	\$ 17,812	\$ 73,113
Accrued Liabilities	5,269	5,916	5,617	4,178	20,980
TOTAL LIABILITIES	\$ 22,297	\$ 31,364	\$ 18,441	\$ 21,990	\$ 94,092
Assigned for Retirement of L-T Debt	\$	\$122,701	\$	\$193,930	\$ 316,632
Unassigned	129,600	64,802	33,705	187,531	415,638
TOTAL FUND BALANCES	\$129,600	\$187,504	\$ 33,705	\$381,461	\$ 732,270
TOTAL LIABILITIES AND FUND BALANCES	\$151,897	\$218,868	\$ 52,146	\$403,452	\$ 826,362

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES-ACTUAL AND BUDGET
ROAD AND BRIDGE FUNDS
For The Year Ended September 30, 2015

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:							
Tax Collector:							
Ad Valorem Taxes	\$ 284,457	\$ 284,457	\$ 284,457	\$ 284,457	\$ 1,137,829	\$ 1,126,528	\$ 11,301
Car Tags	122,171	122,171	122,171	122,171	488,684	508,000	(19,316)
Total Tax Collector	\$ 406,628	\$ 406,628	\$ 406,628	\$ 406,628	\$ 1,626,513	\$ 1,634,528	\$ (8,015)
Other Revenue:							
Intergovernmental	\$ 50,497	\$ 50,497	\$ 50,497	\$ 50,497	\$ 201,986	\$ 108,000	\$ 93,986
Interest	2,220	2,992	1,280	4,330	10,822	10,000	822
Miscellaneous	17	375			392	4,000	(3,609)
Sale of Assets	2,800			42,000	44,800	20,000	24,800
Total Other Revenue	\$ 55,533	\$ 53,864	\$ 51,777	\$ 96,826	\$ 257,999	\$ 142,000	\$ 115,999
TOTAL REVENUES	\$ 462,161	\$ 460,492	\$ 458,405	\$ 503,455	\$ 1,884,513	\$ 1,776,528	\$ 107,985

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-ACTUAL AND BUDGET
ROAD AND BRIDGE FUNDS
For The Year Ended September 30, 2015

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES:							
Commissioner's Salaries	\$ 47,669	\$ 47,669	\$ 47,669	\$ 47,669	\$ 190,674	\$ 190,728	\$ 54
Employee Salaries	128,690	150,195	157,936	109,022	545,843	616,694	70,851
Part-Time Salaries	4,019	18,248	1,740	5,379	29,385	44,000	14,615
Automobile Allowance			5,750		5,750	6,000	250
Social Security	13,801	16,449	16,199	12,234	58,684	65,256	6,572
Retirement	20,967	24,966	26,499	19,764	92,196	106,353	14,157
Group Hospital Insurance	32,760	39,526	38,248	26,957	137,491	158,700	21,209
Unemployment	679	859	812	588	2,938	3,576	638
Workers Comp.	6,760	6,562	6,302	4,648	24,272	26,596	2,324
Supplies/Other Operations	15		14	216	245	1,182	937
Equipment & Furniture					-0-	2,500	2,500
Fuel	54,418	55,303	46,584	53,764	210,069	246,122	36,053
Equipment Parts & Repairs	70,866	76,411	50,170	55,191	252,639	253,366	727
Paving & Seal Coating					-0-	-0-	-0-
Materials & Supplies					-0-	770	770
Telephone	1,800	2,185	5,188	1,678	10,851	11,944	1,093
Utilities	3,579	2,421	4,909	2,115	13,024	13,148	124
Travel & Training	1,117	528	753	528	2,926	5,354	2,428
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Contract/Professional	4,493	2,454	3,518	2,454	12,919	15,318	2,399
Equipment Rentals/Leases					-0-	-0-	-0-
Principal	41,733	29,299	20,005	64,314	155,350	158,043	2,693
Interest Expense	1,714	3,475	647	3,735	9,572	10,660	1,088
Insurance & Bonds		178		178	355	4,528	4,173
Auto & Liability Insurance	4,088	3,124	3,299	3,612	14,123	14,536	413
Capital Outlays	16,000		50,262	52,206	118,468	212,469	94,001
TOTAL EXPENDITURES	\$ 455,918	\$ 480,602	\$ 487,252	\$ 467,003	\$ 1,890,775	\$ 2,170,843	\$ 280,068

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FUND BALANCES
ROAD AND BRIDGE FUNDS
For The Year Ended September 30, 2015

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCES, September 30, 2014	\$138,357	\$225,614	\$ 62,551	\$363,009	\$ 789,532
ADD: Revenues	462,161	460,492	458,405	503,455	1,884,513
DEDUCT: Expenditures	(455,918)	(480,602)	(487,252)	(467,003)	(1,890,775)
TRANSFERS IN(OUT)	(15,000)	(18,000)		(18,000)	(51,000)
	-----	-----	-----	-----	-----
FUND BALANCES, (DEFICIT) September 30, 2015	\$129,600 =====	\$187,504 =====	\$ 33,705 =====	\$381,461 =====	\$ 732,270 =====

LAMB COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 September 30, 2015

		District Clerk	County Clerk	Tax Assessor Collector	County Treasurer	County Attorney	Adult Probation	Justice of the Peace	Sheriff	Adult Basic Supervision	Adult Community Corrections	Total
<u>ASSETS</u>												
Cash & Cash Equivalents	\$	202,807	\$ 17,063	\$ 126,918	\$ 29,962	\$ 6,367	\$ 1,981	\$ 4,024	\$ 27,580	\$ 38,663	\$ 8,135	\$ 463,500
Accounts Receivable												-0-
TOTAL ASSETS		\$ 202,807	\$ 17,063	\$ 126,918	\$ 29,962	\$ 6,367	\$ 1,981	\$ 4,024	\$ 27,580	\$ 38,663	\$ 8,135	\$ 463,500
<u>LIABILITIES</u>												
Accounts Payable	\$	179,272	\$ 17,063	\$ 126,918	\$ 29,962	\$ 6,367	\$ 1,981	\$ 4,024	\$ 27,580	\$ 6,396	\$ 8,135	\$ 6,396
Due to Other Groups		23,535								32,267		433,569
Due to Trust Beneficiaries												23,535
TOTAL LIABILITIES		\$ 202,807	\$ 17,063	\$ 126,918	\$ 29,962	\$ 6,367	\$ 1,981	\$ 4,024	\$ 27,580	\$ 38,663	\$ 8,135	\$ 463,500

OTHER SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
 SCHEDULE OF INVESTMENTS-ALL FUNDS
 SEPTEMBER 30, 2015

	Account -----	Carrying Value -----
TexPool:		

General Fund	1400200002	\$ 11
Precinct One	1400200001	8
Lamb County Hospital	1400200003	10

Total		\$ 29
		=====

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2015

	Balance 9-30-14	Additions	Deletions	Balance 9-30-15
Precinct #1				
JD 4040 Tractor	\$ 24,360	\$	\$	\$ 24,360
JD 410B Backhoe SN723439 (9-86)	43,800			43,800
1989 Mack Dump Truck	47,000			47,000
1991 Chevy Pickup SN130341 (5-91)	13,805			13,805
Used Grid Roller (4-93)	12,500			12,500
Mack Truck (4-93)	7,500			7,500
Bottom Dump Trailer (4-93)	21,500			21,500
Ripper (9-93)	7,750			7,750
1968 Mack Truck (10-94)	5,650			5,650
1977 Dodge Tank Truck T81HZ3T (1-96)	7,000			7,000
Radio Equipment (3-96)	10,107			10,107
938 G Caterpillar (9-98)	85,000			85,000
1999 Dump Truck - # 0383 (853)	23,500			23,500
1999 Dump Truck - # 0382 (854)	23,500			23,500
2000 Chev P/U Model K2500	22,093			22,093
1996 Mack Truck - #57132	13,000			13,000
1996 Mack Truck - #57136	13,000			13,000
1997 Mack Truck - #65596	15,000			15,000
Caterpillar Escavator - #9RL00289 (960)	64,942			64,942
Jeep Truck Wrecker	5,100			5,100
2003 Big Tex Trailer	11,000			11,000
140 H Mtr Grader #17638	112,186			112,186
2003 Chevy Crew Cab P/U #70359	12,600			12,600
2003 Chevy K1500 P/U #70584	11,500		11,500	-
JD 7800 MFWD Tractor #08183	27,234			27,234
Bush Hog Shredder #00635	11,900			11,900
Cat 140H Mtr Grader #03689	83,821			83,821
2009 CAT 140M Mtr Grader # B9D01781	167,430			167,430
1996 JD 8300 Tractor #05757	45,000			45,000
Bush Hog Shredder #01806	13,850			13,850
2007 Chevy K1500 P/U #83547	12,500			12,500
CAT 140M Mtr Grader #B9D02600	179,227			179,227
2010 Chevy 4x4 P/U #169591		16,000		16,000
Total Equipment	\$1,154,355	\$ 16,000	\$ 11,500	\$1,158,855
Lots	900			900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
Total Pct # 1	\$1,193,781	\$ 16,000	\$ 11,500	\$1,198,281

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2015

	Balance 9-30-14	Additions	Deletions	Balance 9-30-15
<u>Precinct #2</u>				
1978 Mack W/Dump 72266	\$ 28,610	\$	\$	\$ 28,610
1987 3/4 Ton Pickup	9,350			9,350
1982 Clements Dump Trailer SN 1B3BM1 (4-91)	14,000			14,000
1 - Roller Grid	13,800			13,800
1995 Chevy 3/4 Ton Pickup (4-94)	15,709			15,709
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
1989 Mack - #7057 (855)	24,000			24,000
938 G Cat Wheel Loader #47501647	75,000			75,000
2001 Mtr Grader #22K06524	109,000			109,000
Hyster Grid Roller - #BEE - 2002 (1004)	13,250			13,250
Hyster Grid Roller	12,000			12,000
1996 Mack Truck	20,000			20,000
2000 Chevy Ext Cab P/U #1224783	7,600			7,600
140 H Mtr Grader #17464	110,377			110,377
Crust Buster Shredder #00669	10,900			10,900
2002 Chevy P/U #16678	10,500			10,500
JD 4240 Tractor #26064	24,750			24,750
CAT 140H MTR Grader #CCA04113	74,143			74,143
2006 Chevy P/U #166231	10,000			10,000
CAT 140M MTR Grader #B9D01929	179,357			179,357
2008 Chevy P/U #295811	10,000			10,000
2014 CAT 140M2 Mtr Grader #OR9G00299	212,000			212,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equipment	\$1,010,846	\$ -0-	\$ -0-	\$1,010,846
	<hr/>	<hr/>	<hr/>	<hr/>
Land	1,450			1,450
Barn	19,618			19,618
	<hr/>	<hr/>	<hr/>	<hr/>
Total Pct # 2	\$ 1,031,914	\$ -0-	\$ -0-	\$1,031,914

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2015

	Balance 9-30-14	Additions	Deletions	Balance 9-30-15
Precinct #3				
Shredder #930458 (12-87)	\$ 5,000	\$	\$	\$ 5,000
1980 Timpbe Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timpbe Beal Belly Dump Trailer	10,500			10,500
Campac Packers (4-95)	5,000			5,000
544H JD Loader - #1267 (850)	97,500			97,500
1986 Cherokee Truck - #9514 (859)	6,000			6,000
Bush Hog Flex-Wing Shredder #12-09661	8,500			8,500
1988 Mack Truck	10,000			10,000
140H CAT - #7096 (974)	117,000			117,000
Caterpillar 140H Grader	96,642			96,642
Road Groom Machine	13,264			13,264
2000 Chevy Z71 P/U #22590	5,000			5,000
Volvo G930 MTR Grader #70090	49,144			49,144
2002 Ford F-150 #96290	5,157			5,157
2004 Chevy #85450	5,700			5,700
AMCO LOF-2424 Harrow Disc	6,000			6,000
2001 CPS Belly Dump Trlr #003481	9,750			9,750
1997 Mack Truck #078253	29,950			29,950
Caterpillar 140H Mtr Grader #CCA01056	182,700			182,700
2000 Peterbilt Truck #86021	7,500			7,500
2000 Peterbilt Truck #85988	7,000			7,000
JD 4960 Tractor #5937	35,000	18,934		53,934
2008 GMC Sierra #43809	12,450			12,450
JD CX15 Flex-wing Rotary Cutter		17,000		17,000
Total Equipment	\$ 740,257	\$ 35,934	\$ -0-	\$ 776,191
Iron Clad Bam	10,000			10,000
Metal Bam	77,785	14,328		92,113
Total Pct # 3	\$ 828,042	\$ 50,262	\$ -0-	\$ 878,304

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2015

	Balance 9-30-14	Additions	Deletions	Balance 9-30-15
Precinct #4				
1974 Mack Truck SN 22339 (9-84)	\$ 13,750	\$	\$	\$ 13,750
Hyster Grid Roller SN301600L (3-86)	16,500			16,500
1988 GMC Pickup SN575697 (4-88)	11,388			11,388
Rhino Rotary Cutter Shredder - SN 10117	6,500			6,500
1984 Mack Truck SN 087417 (3-91)	22,690			22,690
1988 Cat Backhoe SN5PC06404	19,000			19,000
Ripper W/Pushblock (864)	8,739			8,739
140H Verslon Mrt Grader #22K05095	109,000		109,000	-0-
2000 Midland MG40 Dump Trk #000734	22,500			22,500
2000 Midland MG40 Dump Trk #000733	22,500			22,500
Bush-Hog Model 12615 (961)	8,900			8,900
1994 Mack Truck	12,500			12,500
Hyster Grid Roller	14,685			14,685
2000 Chevy ¼ Ton P/U #139972	7,600			7,600
140H Cat - CAT #2658	106,002			106,002
2000 Kenworth T800 #47177	29,547			29,547
2006 GMC K1500 P/U #15186	21,555			21,555
2008 Chevy K1500 #48457	21,973			21,973
Cat 140H Mtr Grader #03686	77,367			77,367
Cat Wheel Loader #CRD01861	129,700			129,700
Challenger Tractor #341082	50,000		50,000	-0-
JD 770G Motor Grader #644660	154,170			154,170
Railroad Fiat Cars	16,650			16,650
CAT 140M2 Mtr Grader #OM9D01694	167,500		167,500	-0-
2014 JD 770G Mtr Grader #660246		150,750		150,750
2015 JD 5100E Tractor #340221		52,206		52,206
Total Equipment	\$1,070,716	\$ 202,956	\$ 326,500	\$ 947,172
Land	2,000			2,000
Bam	10,000			10,000
Total Pct #4	\$1,082,716	\$ 202,956	\$ 326,500	\$ 959,172

OFFICE OF THE TAX ASSESSOR-COLLECTOR

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2014 ROLL
September 30, 2015

Roll

Taxable Value	\$ 900,278,988
	=====
Tax Levy	\$ 7,150,916
Collections	

October 1, 2014 thru June 30, 2015	7,046,745

Balance June 30, 2015	\$ 104,171
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2015

	Dollars	Percent
	-----	-----
Constitutional Levies		

Total Tax Per \$100 Valuation	\$.7943	100.00
	=====	=====
Distribution as Follows:		
General Fund	\$.5533	\$ 69.66
General Road & Bridge	.1280	16.11
Hospital	.1130	14.23
	-----	-----
County Tax Rate	\$.7943	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
SEPTEMBER 30, 2015

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-14	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-15
2006 & Prior Years	Various	Various	\$ 34,167	\$	\$ 493	\$ (1,043)	\$ 32,631
2007	.7967	796,528,948	8,498		526	(75)	7,897
2008	.7943	803,447,816	10,199		752	(125)	9,322
2009	.7943	868,857,728	12,880		1,316	(144)	11,420
2010	.7943	884,643,365	17,659		2,917	(145)	14,597
2011	.7943	943,028,186	27,500		5,863	(145)	21,492
2012	.7943	962,016,905	39,886		10,873	(177)	28,836
2013	.7943	1,017,702,126	61,916		24,827	(423)	36,666
2014	.7943	984,964,545	112,043		48,932	(778)	62,333
2015 (Year Under Audit)	.7943	900,278,988		7,150,916	7,046,745		104,171
TOTALS			\$ 324,748	\$ 7,150,916	\$ 7,143,244	\$ (3,054)	\$ 329,366

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

823 LFD Drive
Littlefield, Texas 79339
(806) 385-5181
FAX: (806) 385-5183

Stephen H. Webb, CPA
Richard B. Wright, CPA

Independent Auditor's Report

**Report 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**

Honorable County Judge and Commissioners' Court
Lamb County
100 6th Street
Littlefield, Texas 79339

We have audited, in accordance with the 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Lamb County's basic financial statements, and have issued our report thereon dated June 14, 2016. Our report includes a reference to other auditors who audited the financial statements of the Lamb Healthcare Center, as described in our report on Lamb County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamb County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lamb County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lamb County's internal control.

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 entity'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lamb County's financial statements are free of 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.

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.

Respectfully submitted,



WEBB, WEBB, & WRIGHT, CPA's

June 14, 2016

LAMB COUNTY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

B. Financial Statement Findings

None

LAMB COUNTY, TEXAS

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

LAMB COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2015

None