

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2001

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
September 30, 2001

Name of Official -----	Office -----
Danny Byers	County Judge
Willie Gene Green	Commissioner, Precinct #1
Thurman Lewis	Commissioner, Precinct #2
Emil Macha	Commissioner, Precinct #3
Jimmy Young	Commissioner, Precinct #4
Mark Yarbrough	County Attorney
Gary Maddox	County Sheriff
Linda Charlton	Tax Assessor-Collector
Bill Johnson	County Clerk
Celia Kuykendall	District Clerk
Janice Wells	County Treasurer
Becky DeBerry	Justice of Peace #1
R. J. Brock	Justice of Peace #2
Al Mann	Justice of Peace #3
Carolyn Harmon	Justice of Peace #4

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FINANCIAL SECTION

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

February 6, 2002

Independent Auditor's Report

Unqualified Opinion on General Purpose Financial Statements Submitted Together with Combining, Individual Fund and Account Group Financial Statements and Supporting Schedules as Supplementary Data

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

We have audited the general purpose financial statements of Lamb County, as of and for the year ended September 30, 2001 as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Proprietary Fund - Lamb Healthcare Center. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the proprietary fund, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

Unqualified Opinion on General Purpose Financial Statements Submitted Together with Combining, Individual Fund and Account Group Financial Statements and Supporting Schedules as Supplementary Data

Lamb County - February 6, 2002

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lamb County at September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 6, 2002 on our consideration of Lamb County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Lamb County taken as a whole. The accompanying combining statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statement taken as a whole.

Respectfully submitted,

WEBB, WEBB AND WRIGHT, CPA's

Webb, Webb + Wright

GENERAL PURPOSE FINANCIAL STATEMENTS

LAMB COUNTY, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	LAMB HEALTHCARE CENTER
ASSETS				
Cash	\$ 158,990	\$ 4,699	\$ 467,211	\$ 43,378
Investments	1,783,955	54,738		
Note Receivable	30,585			
Due From Tax Office	3,983			
Due From District Clerk				
Due From Other Funds				50,846
Delinquent Tax Receivable	193,592	5,944		
Allowance for Uncollectible Tax	(19,359)	(594)		
Accounts Receivable				1,393,078
Inventory of Supplies				186,757
Due From Other	3,553			
Other Assets				44,390
Fixed Assets				1,600,890
Accumulated Depreciation				(913,191)
Amounts Available				
Amounts to be Provided				
Total Assets	\$ 2,155,299	\$ 64,787	\$ 467,211	\$ 2,406,148

See accompanying notes to financial statements.
(3)

LAMB COUNTY, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	9-30-01	9-30-00
ASSETS				
Cash	\$	\$	\$ 674,278	\$ 153,482
Investments			1,838,693	2,125,594
Note Receivable			30,585	37,981
Due From Tax Office			3,983	6,099
Due From District Clerk			-0-	1,724
Due From Other Funds			50,846	33,475
Delinquent Tax Receivable			199,536	188,498
Allowance for Uncollectible Tax			(19,953)	(18,849)
Accounts Receivable			1,393,078	1,626,135
Inventory of Supplies			186,757	194,574
Due From Other			3,553	10,468
Other Assets			44,390	17,328
Fixed Assets	14,248,613		15,849,503	15,430,661
Accumulated Depreciation			(913,191)	(775,597)
Amounts Available		59,437	59,437	53,369
Amounts to be Provided		1,540,563	1,540,563	1,846,631
Total Assets	<u>\$ 14,248,613</u>	<u>\$ 1,600,000</u>	<u>\$ 20,942,058</u>	<u>\$ 20,931,573</u>

See accompanying notes to financial statements.
(4)

LAMB COUNTY, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	LAMB HEALTHCARE CENTER
<u>LIABILITIES & FUND EQUITY</u>				
Checks Issued in Excess of Available				
Bank Balances	\$	\$	\$	\$
Accounts Payable	163,956			409,427
Salaries Payable				176,538
Other Current Liabilities				97,114
Deferred Revenue	174,233	5,350		
Due to Other Funds	50,846			
Long-Term Debt - Current				24,045
Long-Term Debt				14,221
Total Liabilities	\$ 389,035	\$ 5,350	\$ -0-	\$ 721,345
<u>FUND EQUITY</u>				
Investments - GFA	\$	\$	\$	\$
Reserved Fund Balances:				
Retirement of Long-Term Debt		59,437		
Other Reserves	154,608		321,974	
Unreserved Fund Balance	1,611,656		145,237	
Retained Earnings				1,684,803
Total Fund Equity	\$ 1,766,264	\$ 59,437	\$ 467,211	\$ 1,684,803
Total Liabilities and Fund Equity	\$ 2,155,299	\$ 64,787	\$ 467,211	\$ 2,406,148

See accompanying notes to financial statements.
(5)

LAMB COUNTY, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2001

	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	9-30-01	9-30-00
LIABILITIES & FUND EQUITY				
Checks Issued in Excess of Available				
Bank Balances	\$	\$	\$ -0-	\$ 82,707
Accounts Payable			573,383	644,861
Salaries Payable			176,538	149,864
Other Current Liabilities			97,114	81,910
Deferred Revenue			179,583	169,649
Due to Other Funds			50,846	33,475
Long-Term Debt - Current		300,000	324,045	540,748
Long-Term Debt		1,300,000	1,314,221	1,606,980
Total Liabilities	\$ -0-	\$ 1,600,000	\$ 2,715,730	\$ 3,310,194
FUND EQUITY				
Investments - GFA	\$ 14,248,613	\$	\$ 14,248,613	\$ 14,064,302
Reserved Fund Balances:				
Retirement of Long-Term Debt			59,437	53,369
Other Reserves			476,582	130,877
Unreserved Fund Balance			1,756,893	1,744,517
Retained Earnings			1,684,803	1,628,314
Total Fund Equity	\$ 14,248,613	\$ -0-	\$ 18,226,328	\$ 17,621,379
Total Liabilities and Fund Equity	\$ 14,248,613	\$ 1,600,000	\$ 20,942,058	\$ 20,931,573

See accompanying notes to financial statements.
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LAMB COUNTY, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For Year Ended September 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)	
	General	Debt Service	Capital Projects	2001	2000
Revenues					
Taxes	\$ 4,763,370	\$ 395,457	\$	\$ 5,158,827	\$ 5,138,067
Charges For Services	332,698			332,698	308,969
Fines and Fees	221,959			221,959	214,693
Vehicle Registration & Fees	559,483			559,483	574,926
Lateral Road	37,772			37,772	37,976
Interest on Investments	180,656	16,056	6,806	203,518	263,260
Miscellaneous	335,840			335,840	399,961
Total Revenues	\$ 6,431,778	\$ 411,513	\$ 6,806	\$ 6,850,097	\$ 6,937,852
Expenditures					
District Judge	\$ 143,701	\$	\$	\$ 143,701	\$ 240,210
District Clerk	105,920			105,920	107,250
County Judge	746,958			746,958	1,354,860
County Clerk	216,595			216,595	260,752
Tax Office	207,141			207,141	218,248
County Treasurer	148,888			148,888	135,594
County Attorney	120,774			120,774	158,884
Justice of Peace					
Precinct No. 1-4	153,138			153,138	148,212
County Veterans & Welfare	41,129			41,129	37,679
Adult Probation	831			831	2,305
Juvenile Probation	439,363			439,363	428,245
County Extension Office	75,770			75,770	124,641
County Sheriff	1,267,676			1,267,676	1,282,513
County Library	124,533			124,533	122,636
Road and Bridge					
Precinct No. 1-4	1,487,125			1,487,125	1,715,433
Jury	11,482			11,482	16,995
Debt Service		405,445		405,445	420,995
Capital Outlay			-0-	-0-	3,784
Total Expenditures	\$ 5,291,024	\$ 405,445	\$ -0-	\$ 5,696,469	\$ 6,779,236
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,140,754	\$ 6,068	\$ 6,806	\$ 1,153,628	\$ 158,616

See accompanying notes to financial statements.
(7)

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For Year Ended September 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)	
	General	Debt Service	Capital Projects	2001	2000
Other Financing Sources (Uses)					
Operating Transfers In	\$ 6,028,551	\$	\$	\$ 6,028,551	\$ 4,724,489
Operating Transfers Out	(7,140,004)			(7,140,004)	(6,004,814)
Total Other Financing Sources (Uses)	\$ (1,111,453)	\$ -0-	\$ -0-	\$ (1,111,453)	\$ (1,280,325)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 29,301	\$ 6,068	\$ 6,806	\$ 42,175	\$ (1,121,709)
Fund Balance at Beginning of Year	1,736,963	53,369	138,431	1,928,763	3,050,472
Increase (Decrease) In Fund Balance	-0-	-0-	321,974	321,974	-0-
Fund Balance at End of Year	\$ 1,766,264	\$ 59,437	\$ 467,211	\$ 2,292,912	\$ 1,928,763
	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
For Year Ended September 30, 2001

General Fund			
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
-----	-----	-----	-----
Taxes	\$ 4,655,155	\$ 4,763,370	\$ 108,215
Charges For Services	234,450	332,698	98,248
Fines and Fees	184,000	221,959	37,959
Vehicle Registration & Fee	565,000	559,483	(5,517)
Lateral Road	38,000	37,772	(228)
Interest on Investments	155,400	180,656	25,256
Miscellaneous	220,355	335,840	115,485
-----	-----	-----	-----
Total Revenues	\$ 6,052,360	\$ 6,431,778	\$ 379,418
-----	-----	-----	-----
Expenditures			
-----	-----	-----	-----
District Judge	\$ 267,126	\$ 143,701	\$ 123,425
District Clerk	107,190	105,920	1,270
County Judge	1,044,055	746,958	297,097
County Clerk	247,321	216,595	30,726
Tax Office	214,926	207,141	7,785
County Treasurer	178,368	148,888	29,480
County Attorney	142,091	120,774	21,317
Justice of Peace			
Precinct No. 1-4	171,361	153,138	18,223
County Veterans & Welfare	57,295	41,129	16,166
Adult Probation	3,070	831	2,239
Juvenile Probation	378,243	439,363	(61,120)
County Extension Office	98,908	75,770	23,138
County Sheriff	1,313,449	1,267,676	45,773
County Library	123,660	124,533	(873)
Road and Bridge			
Precinct No. 1-4	2,106,252	1,487,125	619,127
Jury	26,500	11,482	15,018
-----	-----	-----	-----
Total Expenditures	\$ 6,479,815	\$ 5,291,024	\$ 1,188,791
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Excess (Deficiency) of Revenues Over Expenditures	\$ (427,455)	\$ 1,140,754	\$ 1,568,209
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See accompanying notes to financial statements.
(9)

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
For Year Ended September 30, 2001

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Other Financing Sources (Uses)			
Operating Transfers In	\$ 5,074,457	\$ 6,028,551	\$ 954,094
Operating Transfers Out	(6,058,522)	(7,140,004)	(1,081,482)
Total Other Financing Sources (Uses)	\$ (984,065)	\$ (1,111,453)	\$ (127,388)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$(1,411,520)	\$ 29,301	\$ 1,440,821
Fund Balance at Beginning of Year	1,736,963	1,736,963	-0-
Fund Balance at End of Year	\$ 325,443	\$ 1,766,264	\$ 1,440,821
	=====	=====	=====

See accompanying notes to financial statements.
(10)

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
For Year Ended September 30, 2001

Debt Service Fund

Revenues	Budget	Actual	Variance - Favorable (Unfavorable)
Taxes	\$ 387,791	\$ 395,457	\$ 7,666
Interest on Investments	10,000	16,056	6,056
Total Revenues	\$ 397,791	\$ 411,513	\$ 13,722
Expenditures			
Debt Service:			
Principal	\$ 300,000	\$ 300,000	\$ -0-
Interest	105,445	105,445	-0-
Total Expenditures	\$ 405,445	\$ 405,445	\$ -0-
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,654)	\$ 6,068	\$ 13,722
Other Financing Sources (Uses)			
Operating Transfers In	\$	\$	\$
Operating Transfers Out			
Total Other Financing Sources (Uses)	\$ -0-	\$ -0-	\$ -0-
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (7,654)	\$ 6,068	\$ 13,722
Fund Balance at Beginning of Year	53,369	53,369	-0-
Fund Balance at End of Year	\$ 45,715	\$ 59,437	\$ 13,722

See accompanying notes to financial statements.

LAMB COUNTY, TEXAS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

	LAMB HEALTHCARE CENTER	TOTALS (MEMORANDUM ONLY)	
		9-30-01	9-30-00
REVENUE			
Net Patient Service Revenue	\$ 5,514,790	\$ 5,514,790	\$ 6,471,220
County Subsidy Revenue, Net of Expense	1,153,047	1,153,047	1,149,871
Medicaid Disproportionate Share Funds	487,378	487,378	420,091
Tobacco Settlement Revenue	79,345	79,345	125,425
Other Operating Revenue	264,724	264,724	101,733
Total Revenue	\$ 7,499,284	\$ 7,499,284	\$ 8,268,340
EXPENSES			
Salaries and Wages	\$ 2,825,287	\$ 2,825,287	\$ 2,892,761
Employee Benefits	537,610	537,610	639,033
Professional and Purchased Services	1,013,681	1,013,681	852,434
Supplies and Other	2,090,460	2,090,460	1,984,711
Interest	4,428	4,428	2,757
Depreciation	137,626	137,626	134,145
Provision for Bad Debts	880,685	880,685	1,857,268
Total Operating Expenses	\$ 7,489,777	\$ 7,489,777	\$ 8,363,109
Operating Income (Loss)	\$ 9,507	\$ 9,507	\$ (94,769)
NON-OPERATING GAINS (LOSSES)			
Interest Income	\$ 18,290	\$ 18,290	\$ 21,105
Total Non-Operating Gains (Losses)	\$ 18,290	\$ 18,290	\$ 21,105
Revenues and Gains (Expenses and Losses) in Excess of Expenses and Losses (Revenue and Gains)	\$ 27,797	\$ 27,797	\$ (73,664)
Retained Earnings at Beginning of Year	1,657,006	1,657,006	1,730,670
Retained Earnings at End of Year	\$ 1,684,803	\$ 1,684,803	\$ 1,657,006

See accompanying notes to financial statements.
 (12)

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	LAMB HEALTHCARE CENTER	TOTALS (MEMORANDUM ONLY)	
		9-30-01	9-30-00
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 9,507	\$ 9,507	\$ (94,769)
Adjustments to Reconcile Excess of Revenue and Gains (Expenses and Losses) in Excess of Expenses and Losses (Revenues and Gains) to Net Cash Provided by Operating Activities:			
Interest Expense Considered Capital Financing Activity	4,428	4,428	2,757
Depreciation	137,626	137,626	134,145
Provision for Bad Debts	880,685	880,685	1,857,268
County Subsidy Revenue, Net of Expense	(1,153,047)	(1,153,047)	(1,149,871)
Medicaid Disproportionate Share Funds	(487,378)	(487,378)	(420,091)
(Increase) Decrease in Assets			
Short Term Investments	(12,764)	(12,764)	23,365
Inventories	7,817	7,817	(23,300)
Accounts Receivable	(647,628)	(647,628)	(2,342,386)
Tobacco Settlement Receivable	-0-	-0-	-0-
Due to/from Health Insurance Program	-0-	-0-	86,766
Prepaid Expenses and Other Current Assets	(9,858)	(9,858)	104,641
Other Assets	878	878	4,862
Increase (Decrease) Liabilities			
Accounts Payable	53,185	53,185	116,798
Accrued Salaries and Benefits	26,674	26,674	(91,212)
Other Current Liabilities	15,216	15,216	18,375
Net Cash Provided (Used) By Operating Activities	\$ (1,174,659)	\$ (1,174,659)	\$ (1,772,652)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
County Subsidy Revenue, Net of Expense	\$ 1,153,047	\$ 1,153,047	\$ 1,149,871
Medicaid Disproportionate Share Funds	487,378	487,378	420,091
Cash Flows Provided (Used) by Non-Capital Financing Activities	\$ 1,640,425	\$ 1,640,425	\$ 1,569,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	\$ 18,290	\$ 18,290	\$ 21,105
Cash Flows Provided (Used) by Investing Activities	\$ 18,290	\$ 18,290	\$ 21,105

See accompanying notes to financial statements.
(13)

LAMB COUNTY, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	LAMB HEALTHCARE CENTER	TOTALS (MEMORANDUM ONLY)	
		9-30-01	9-30-00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Property, Plant, and Equipment	\$ (234,563)	\$ (234,563)	\$ (42,312)
Interest Expense Considered Capital Financing Activity	(4,428)	(4,428)	(2,757)
Proceeds from Long Term Debt	34,130	34,130	231,125
Principal Payments on Long Term Debt	(243,592)	(243,592)	(9,462)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (448,453)	\$ (448,453)	\$ 176,594
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 35,603	\$ 35,603	\$ (4,991)
Cash and Cash Equivalents at the Beginning of Year	7,775	7,775	12,766
Cash and Cash Equivalents at the End of Year	\$ 43,378	\$ 43,378	\$ 7,775

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$ 4,428	\$ 4,428	\$ 2,757
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See accompanying notes to financial statements.
(14)

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of 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 the nature and significance of the relationship. The County includes organizations as component units under the following financial accountability criteria:

1. Organizations for which the Commissioner's 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.

B. FUND TYPES AND ACCOUNT GROUPS

The County uses several funds and account groups to account for its financial position and results of operations. A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific activity. The County maintains the following fund types and account groups.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

B. FUND TYPES AND ACCOUNT GROUPS (continued)

Governmental fund types, that include the following:

The 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.

Debt Service Fund (DSF). This is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Capital Projects Fund (CPF). This is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Proprietary fund types, that are used to account for activities conducted on a fee for service basis in a manner similar to commercial enterprises, provides services to the County (internal service funds) and the public (enterprise funds).

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The County has chosen to apply future FASB standards.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

B. FUND TYPES AND ACCOUNT GROUPS (continued)

Fiduciary fund types, (trust and agency funds), that are used to account for assets held by the County as an agent for private individuals or organizations or in trust. These funds have no revenues, expenditures or equity. These are not budgeted funds.

General fixed assets account group, is used to account for property and equipment of governmental funds.

General Long-Term Debt Account Group, is used to account for long-term liabilities expected to be financed from governmental funds.

The combined financial statements include total columns that aggregate the financial statements of the various fund types and account groups. The columns are designated "memorandum only" because the totals are not comparable to a consolidation in that interfund transactions are not eliminated. Comparative information presented for 2000 contains certain reclassifications to conform to the 2001 presentation.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund Types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for Governmental Fund Types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgements are recognized when the obligations are expected to be liquidated with expendable available financial resources.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

C. BASIS OF ACCOUNTING (continued)

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

The Proprietary Fund Type is 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components.

D. FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. Interest costs incurred during construction of fixed assets are capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

D. FIXED ASSETS AND LONG-TERM LIABILITIES (continued)

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They instead are reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds and Nonexpendable Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

Fixed asset estimated lives are as follows:

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

E. 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. Budgets for the General Fund and Debt Service Fund are 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 00-01 fiscal year.

F. 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.

G. ACCUMULATED UNPAID VACATION AND SICK PAY

Vacation time for full time employees, accrues at the rate of 1 day for each month of service to a maximum of 10 days per year. Any accrued vacation time must be taken within six months after the year it is earned. When an employee resigns, any accrued vacation time must be accounted for or taken on or before the resignation date. Lamb County will not compensate any employee for unused vacation days after the effective date of resignation.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

G. ACCUMULATED UNPAID VACATION AND SICK PAY (continued)

When an employee's job is terminated by any department official, the employee's unused vacation time will be compensated at the same rate as their salary at the time of termination. Sick pay for full time employees will accrue at the rate of one day for each month of service to a maximum of 10 days per year. Lamb County will not pay the employee for unused sick leave time accumulated. If total of sick leave time is used, that employee will go on "time off without pay" status.

H. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the County's financial position and operations. However, comparative data have not been presented in all of the statements because their inclusion would make the statements unduly complex and difficult to read.

I. CASH EQUIVALENTS

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

J. TOTAL (MEMORANDUM ONLY) COLUMNS

Memorandum Only - the total columns presented in the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. No consolidation entries or other eliminations were made and these totals do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

K. 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 2001, 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, 2001

L. INVENTORY

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.

M. FUND EQUITY

Unreserved undesignated fund equity for governmental funds indicates available amounts for the budgeting of future operations. Reserved fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes.

NOTE 2. LEGAL COMPLIANCE

Governmental Accounting Standards Board code section 1200 requires that the financial statements present fairly with full disclosure the financial position and results of operations and demonstrate compliance with finance-related legal and contractual provisions. Lamb County adheres to all legal requirements of Federal, State, local intergovernmental units and outside party contracts.

NOTE 3: DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. 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.

NOTE 4: HEALTH CARE COVERAGE

During the year ended September 30, 2001, all full time employees were covered by a healthcare insurance plan. The County pays the total cost of premiums for the employee and dependents. However, if the dependents are employed and eligible for group health insurance at their place of employment, they will not be eligible under the County's Plan. This healthcare plan is funded through Firstcare, a Health Maintenance Organization (HMO), and the terms of coverage and contribution costs are included in the contractual provisions.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 5: 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") insurance.

Cash Deposits:

September 30, 2001, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts) included in cash and investments was \$674,278 and the bank balance was \$424,046. The County's cash deposits with financial institutions at September 30, 2001 and during the year ended September 30, 2001, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Name of bank Security State Bank - Littlefield, Texas
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$5,201,346.
- c. Largest cash, savings and time deposits combined account balance amounted to \$3,941,163 and occurred during the month of October 2000.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$200,000.

During the FYE 9-30-95, investments were transferred from "TEXPOOL" to Investors Cash Trust-Treasury Portfolio Fund and then to ICT-Government Securities Portfolio Fund. This fund is designed primarily for State and Local Governments and related agencies. An investment in this fund is neither insured nor guaranteed by the U.S. Government, the Federal Deposit Insurance Corporation or the Federal Reserve Board.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 5: DEPOSITS AND INVESTMENTS (continued)

The amount invested in the ICT-Government Securities Portfolio Fund included in investments is \$1,838,382. The carrying amount of \$1,838,382 and the fair value are the same.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1 - Deposits which are insured or collateralized with securities held by the entity or by its agent in the County's name.

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3 - Deposits which are not collateralized or insured.

Cash and investments consisted of the following:

	Category			
	1	2	3	Total
Cash in Bank	\$ 674,278	\$	\$	\$ 674,278
Texpool Accounts	311			311
I.C.T. - Government Securities Portfolio			1,838,382	1,838,382
Total	\$ 674,589	\$ -0-	\$1,838,382	\$2,512,971
	=====	=====	=====	=====

Investments:

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 general purpose 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, 2001

NOTE 5: DEPOSITS AND INVESTMENTS (continued)

Investment Accounting Policy:

In accordance with GASB Statement No. 31, 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.

NOTE 6: OPERATING/CAPITAL LEASES

The County has entered into several operating lease agreements for office copiers.

Commitments under operating (noncapitalized) lease agreements provide for minimum future rental payments as of September 30, 2001, as follows:

<u>Year Ending September 30</u>	
2002	\$ 6,183
2003	3,865
2004	3,269
2005	297

Total Minimum Rentals	\$ 13,614
	=====
Rental Expenditures in Fiscal Year 2001	\$ 12,339
	=====

There were no capital lease agreements for FYE 01.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 7: CHANGE IN GENERAL FIXED ASSETS

	Balance 10-1-00	Additions	Deletions	Balance 9-30-01
	-----	-----	-----	-----
Land	\$ 23,250	\$	\$	\$ 23,250
Buildings	8,109,536			8,109,536
Equipment	5,052,558	606,416	517,857	5,141,117
Improvements	878,958	95,752		974,710
	-----	-----	-----	-----
Total	\$14,064,302	\$ 702,168	\$ 517,857	\$14,248,613
	=====	=====	=====	=====

NOTE 8: PROPERTY TAX

Property taxes attach as an enforceable lien on property as of February 1. Taxes are levied on October 1, and payable at that time. The Lamb County Appraisal District furnishes the County with the authorized tax roll and the County collects its own taxes and records the transactions. Property tax revenues are considered available when they become due or past due and receivable within the current period.

NOTE 9. SUBSEQUENT EVENTS

There has been a settlement awarded on the civil lawsuit filed by Jerome Lyons against Lamb County. See Note 16 for additional information related to this case.

NOTE 10: 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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 10: COMMITMENTS AND CONTINGENCIES (continued)

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 combined financial statements for such contingencies.

NOTE 11: PENSION BENEFIT PLAN DESCRIPTION

Plan Description. Lamb County provides retirement, disability, and death 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 509 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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, death, or disability, 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 annuity purchase rates prescribed by the TCDRS Act.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 11: PENSION BENEFIT PLAN DESCRIPTION (continued)

Funding Policy. 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 9.35% for the months of the accounting year in 2000, and 9.29% for the months of the accounting year in 2001. The contribution rate payable by the employee members for calendar year 2001 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.

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	12-31-98 -----	12-31-99 -----	12-31-00 -----
Actuarial Value of Assets	\$3,249,321	\$3,689,048	\$3,987,721
Actuarial Accrued Liability	\$4,180,593	\$4,584,951	\$4,915,645
Percentage Funded	77.72%	80.46%	81.12%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 931,272	\$ 895,903	\$ 927,924
Annual Covered Payroll	\$1,731,433	\$1,783,568	\$1,899,473
UAAL as a Percentage of Covered Payroll	53.79%	50.23%	48.85%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 169,680	\$ 184,421	\$ 177,601
Contributions Made	\$ 169,680	\$ 184,421	\$ 177,601
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 12: NOTES RECEIVABLE

Note Receivable balance of \$30,585 in the General Fund was from the sale of the Olton Pharmacy in May 1995. This note was set up for 120 monthly installments at an interest rate based on the T-Bill rate.

NOTE 13: BONDS PAYABLE

On September 15, 1997 the County issued Certificates of Obligation, Series 1997. This bond obligation is accounted for in the general long-term debt account group. The original amount of the bond obligation was \$2,800,000, and the effective interest rates range from 4.50% to 6.10%. Interest expense for FYE 01 was \$105,445.

Debt service requirements are as follows:

Year Ended September 30	Principal	Interest	Total Requirements
-----	-----	-----	-----
2002	\$ 300,000	\$ 89,970	\$ 389,970
2003	300,000	74,550	374,550
2004	300,000	58,250	358,250
2005	300,000	46,900	346,900
2006	200,000	23,450	223,450
Thereafter	200,000	11,800	211,800
-----	-----	-----	-----
Totals	\$1,600,000	\$ 304,920	\$ 1,904,920
	=====	=====	=====

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Lamb County.

NOTE 14: CHANGES IN GENERAL LONG-TERM DEBT

	Balance 10-1-00	Additions	Reductions	Balance 9-30-01
	-----	-----	-----	-----
Bonds Payable	\$1,900,000	\$ -0-	\$ 300,000	\$1,600,000
	=====	=====	=====	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

Fund	Receivable	Payable
-----	-----	-----
General Fund	\$ -0-	\$ 50,846
Proprietary Fund-Hospital	50,846	-0-
	-----	-----
Total	\$ 50,846	\$ 50,846
	=====	=====

NOTE 16: LITIGATION

On December 21, 1999, a civil lawsuit was filed in the United States District Court by Jerome Lyons against Lamb County seeking damages in the amount of five million dollars. Mr. Lyons was awarded a settlement of \$287,500. However, the amount of this settlement has been appealed. The payment of any amount of settlement will be by Lamb County's insurance carrier.

NOTE 17: 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 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 18: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Revenue Description	Fund	Deferred Amount
-----	-----	-----
Net Tax Revenue	General	\$ 174,233
Net Tax Revenue	Debt Service	5,350

Total Deferred Revenue		\$ 179,583
		=====

LAMB COUNTY TEXAS

Notes to Financial Statements
September 30, 2001

NOTE 19: RESERVED FUND BALANCE

Reserved Fund Balance in the General Fund of \$154,608 is the amount set aside and reserved for Record Management. An analysis of these accounts is shown in Exhibit C-3.

Reserve Fund Balance in the Capital Projects Fund of \$321,974 is set aside and reserved for any capital improvements to be made for the Lamb Healthcare Center.

NOTE 20: INCREASE (DECREASE) IN FUND BALANCE

Capital Projects Fund

Adjustment to Fund Balance to reflect the refund of excess funds remaining after payoff of the 1978 Bond Issue of Lamb County Hospital Authority on the current hospital facility.

Increase
(Decrease)

\$ 321,974
=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

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. The Lamb County Hospital d/b/a Lamb Healthcare Center was purchased as of this date and became an enterprise fund of Lamb County. See the following disclosures which pertain specifically to the Lamb Healthcare Center Fund.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization-Lamb Healthcare Center 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. The Hospital is supported, in part, by ad valorem taxes on real and personal property. The Hospital is responsible for the indigent healthcare of the County.

Generally Accepted Accounting Principles-Lamb Healthcare Center prepares its financial statements in accordance with generally accepted accounting principles, in conformity with authoritative pronouncements of the Governmental Accounting Standards Board (GASB). Additionally, as a proprietary fund, the Hospital also uses pronouncements of the Financial Accounting Standards Board (FASB), except those which conflict or contradict GASB pronouncements. The Hospital prepares financial statements for this Fund on an accrual basis, recognizing revenue when earned and expenses when incurred.

Statement of Revenue and Expenses and Changes in Fund Balance-For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Revenue is reported as gross revenue, less contractals and charity care without eliminating estimates for bad debt.

Revenue Recognition-Net patient service is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

General Accounting Consideration-The Hospital provides short-term inpatient and outpatient health care. A large part of the hospital services are for patients whose bills are paid in whole or in part by third-party payers, e.g., Medicare, Medicaid, and private insurance carriers. Record keeping, influenced by the third-party payers, requires a higher level of accountability, including more financial and statistical information.

Cash and Cash Equivalents-For purposes of the statement of cash flows, the Hospital considers all highly liquid time deposits purchased with original maturity of three months or less to be cash equivalents.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Accounts Receivable-The Hospital provides allowances for doubtful receivables equal to the estimated collection losses that will be included in collection of all receivables. The estimated losses are based on historical collection experience coupled with review of the current status of the existing receivables.

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

Property, Plant, and Equipment-Property, plant, and equipment are carried at cost and include expenditures for improvements and betterments which substantially increase the useful lives of existing plant and equipment. Maintenance repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss is credited or charged to income. Donated assets are recorded at fair market value on the date of donation.

The Hospital provides for depreciation of property, plant, and equipment by 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

Other Assets-Organization costs are amortized on a straight line basis over the life of the assets.

County Subsidy-County subsidies are treated as fund transactions and are recognized as received.

Federal Income Taxes-The Hospital is a governmental entity and is qualified as a tax exempt organization; therefore, no expense has been provided for income taxes in the accompanying financial statements.

Reclassifications-Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Estimated Malpractice Costs-The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

NOTE 2: ENTITY FORMATION

On August 1, 1991, the County purchased all of the assets and assumed of all the liabilities of the Lamb County Hospital Authority. This transaction includes the bonds described in Note 9. The new entity is Lamb County Hospital d/b/a Lamb Healthcare Center. The assets were valued based on the purchase price, which was equal to the net liabilities assumed. This valuation recorded assets based on liquidity, thus the entire property, plant, and equipment were recorded at residual land value. The actual assets are the same as what existed under the prior owners, but a lesser value was given for the assets based on their lack of liquidity. The Authority recorded a net loss on the transaction of \$1,106,275.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 3: NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Amounts reimbursed for services rendered to patients covered under the Medicare and Medicaid programs are generally less than the established rates. The Hospital also provides services to beneficiaries of certain other third-party payer programs at amounts less than its established rates based on contractual arrangements. Net patient service revenue is reported at the estimated net realizable amounts under these arrangements. Differences between the established billing rates and amounts reimbursed are contractual adjustments.

Amounts receivable under reimbursement agreements with the Medicare and Medicaid programs are subject to examination and retroactive adjustment. Provisions for estimated retroactive adjustments under such programs are provided in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Net Patient Service Revenue is comprised as follows:

	2001	2000
	-----	-----
Routine Services	\$ 1,091,085	\$ 1,223,120
Ancillary Services		
Inpatient	3,931,996	4,321,553
Outpatient	5,190,501	4,157,910
	-----	-----
Gross Patient Revenue	\$ 10,213,582	\$ 9,702,583
Deductions from Revenue		
Third Party Contractual Allowance	(4,698,792)	(3,231,363)
	-----	-----
Net Patient Service Revenue	\$ 5,514,790	\$ 6,471,220
	=====	=====

A summary of the payment arrangements with major third-party payers follows:

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 3: NET PATIENT SERVICE REVENUE (continued)

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. 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's 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. Outpatient services are paid based on the lower of reasonable costs or customary charges, a fee schedule or blended rates.

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.

NOTE 4: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2001, the bank balance of the Hospital's deposits with financial institutions, in the amount of \$187,966, 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 last Monday's of the month to approve all cash disbursements.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 5: SHORT TERM INVESTMENTS

The County invests excess cash for the Hospital District on a short term basis. The short term investments consist of the following:

	2001	2000
	-----	-----
Cash and Cash Equivalents	\$ 50,846	\$ 27,472
	=====	=====

NOTE 6: 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 district 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.

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 poor, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal law offer considerable flexibility to recipient hospitals regarding specific use of the funds. During 2001 and 2000, the Hospital received \$487,378 and \$420,091 respectively, in disproportionate share funds.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 7: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30:

	2001	2000
	-----	-----
Patient Accounts Receivable	\$ 4,778,811	\$ 7,019,476
Less: Allowance for Bad Debts	(1,804,243)	(2,815,226)
Allowance for Contractuals	(1,581,490)	(2,578,115)
	-----	-----
Patient Accounts Receivable, Net of Allowance	\$ 1,393,078	\$ 1,626,135
	=====	=====

Due To/From Health Insurance Programs-The Hospital has agreements with third-party payers that provide for retroactive adjustments to payments to the Hospital. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statement as they are determined by the Hospital. No material changes are anticipated with the final settlement other than amounts that have been allowed for.

Concentration of Credit Risk-The Hospital provides allowances for possible credit losses for uncollectible accounts and contractual adjustments. The Hospital requires no security for the performance its services. The receivables are primarily from third parties (insurance companies, Medicare, and Medicaid) and from patients who are located in Lamb County and the surrounding areas. Approximately 92% of the net receivables are due from third parties, and 8% are due from patients.

Due from County-The Hospital has funds which are being held by Lamb County in an investment pool. The Hospital receives an allocated portion of the interest income based on their amount of the total investment of the County.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 8: PROPERTY, PLANT & EQUIPMENT

The following is a summary of property, plant and equipment at cost less accumulated depreciation:

	2001	2000
	-----	-----
Land and Land Improvements	\$ 61,822	\$ 61,822
Fixed and Major Moveable Equipment	1,539,068	1,304,537
	-----	-----
Total Property, Plant and Equipment	\$1,600,890	\$1,366,359
Less: Accumulated Depreciation	(913,191)	(775,597)
	-----	-----
Property, Plant and Equipment, Net	\$ 687,699	\$ 590,762
	=====	=====

Depreciation expense for the years ended September 30, 2001 and 2000, were \$137,626 and \$134,145 respectively.

NOTE 9: LONG-TERM DEBT

Long-Term debt is comprised of the following:

	2001	2000
	-----	-----
Leases Payable:		
AT&T Corporation for Lab Equipment in the original amount of \$42,469 dated May 24, 1997 with an annual rate of 10.205%, payable in 60 monthly installments.	\$ 6,980	\$ 16,603
Notes Payable:		
Note Payable to the Center for Rural Health Initiatives. This is a 37% pay back of a grant received to install the computer system. Payable in 24 monthly installments of \$1,422 each.	31,286	-0-
Line of credit with Security State Bank in the amount of \$300,000. This agreement began on June 28, 2000 and expires May 1, 2001 with all sums due at that time.	-0-	231,125
	-----	-----
Total Long-Term Debt	\$ 38,266	\$ 247,728
Less: Current Portion	(24,045)	(240,748)
	-----	-----
Non-Current Portion	\$ 14,221	\$ 6,980
	=====	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 9: LONG-TERM DEBT (continued)

The following is a schedule of the payments on long-term debt for each of the next five years:

Year Ending September 30,	Note Payable	Lease Payable
2002	\$ 17,065	\$ 7,250
2003	14,221	-0-
2004	-0-	-0-
2005	-0-	-0-
2006 & Thereafter	-0-	-0-
Total Payments	\$ 31,286	\$ 7,250
Less Interest	-0-	(270)
Total Net Obligations	\$ 31,286	\$ 6,980

Bonds-The Hospital assumed from the Authority an outstanding 1978 bond issue which was issued for an original face value of \$6,650,000. This was the original financing for the hospital building and purchase of the initial major moveable equipment. The current outstanding amount is \$5,735,000. The maturity date of the bonds is September 1, 2008, but are callable on September 1, 2001.

In 1982, the Authority placed approximately \$4,806,000 of United States Treasury Securities in an irrevocable trust. Income received by the trust is used solely for the purpose of making required interest payments and principal reductions on the 1978 bond issue. As the treasury securities mature through the year 2001, they will be used to retire the 1978 bond issue. Accordingly, the 1978 bond issue is considered to be extinguished as of 1982. It does not appear as a liability on the company financial statements. The 1978 bond issue will be called in 2001.

The Authority also had a 1982 bond issue, and the only holder of these bonds was the former lessee of the Hospital. The 1982 bond issue's face amount was \$5,500,000 of which \$4,806,000 was used to defease the 1978 bond issue. The remaining \$694,000 was used for operations. These bonds were extinguished under terms of a contract between the Authority and the lessee.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 10: EMPLOYEE BENEFITS

Medical Insurance-The Hospital has a medical insurance plan which is funded through a third-party insurance company. The Hospital is not liable for post-retirement coverage.

Compensated Absences-The Hospital allows sick hours to be cashed in twice a year at one half of the employees respective pay. Vacation hours are paid in full at termination date if proper notice is given. As of September 30, 2001 & 2000 there was \$78,245 and \$67,085 in sick and vacation accruals respectively.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Purchase Commitment - The Hospital has an agreement to purchase a predetermined amount of reagent supplies for a Chemistry Analyzer and an Immunoassay Analyzer for each of the next two years.

The following is a schedule of the purchase commitment for each of the remaining years:

2002 and thereafter	29,272

Total Guaranteed Payments	\$ 29,272
	=====

NOTE 12: RELATED PARTIES

County-The Hospital is dependent upon the County to provide funds for indigent patient care, capital improvements, repairs, and other operating costs. These funds are partially provided through the County's general tax revenues. During 2001 and 2000, the Hospital received \$1,153,047 and \$1,158,189, respectively, from the County for operations.

Management Contract-In accordance with the terms of an agreement dated January 23, 1993, the Hospital is managed by Covenant Hospital Systems ("Covenant"). The agreement's provision includes Covenant providing certain employees such as an administrator. Furthermore, Covenant provides consultation to the Board of Managers with respect to health care related matters and operations to the Hospital. In return for these services, the Hospital pays an annual management fee to Covenant and reimburses Covenant for salaries and related salary expenses for administrator. During 2001 and 2000, the Hospital made payments to Covenant in the amounts of \$96,870 and \$91,880 for each respective year.

COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2001

General Fund Types

	General	Road and Bridge	Jury	Total
Assets				
Cash in Bank	\$ 100,097	\$ 51,023	\$ 7,870	\$ 158,990
Investments	1,387,994	384,968	10,993	1,783,955
Note Receivable	30,585			30,585
Due From Tax Office	3,983			3,983
Due From District Clerk				-0-
Due From Other Funds				-0-
Delinquent Tax Receivable	193,592			193,592
Allowance for Uncollectible Tax	(19,359)			(19,359)
Due From Other		3,553		3,553
Total Assets	\$1,696,892	\$ 439,544	\$ 18,863	\$2,155,299
	=====	=====	=====	=====
Liabilities and Fund Balance				
Accounts Payable	\$ 139,620	\$ 24,336	\$	\$ 163,956
Other Current Liabilities				-0-
Deferred Revenue	174,233			174,233
Due to Other Funds	50,846			50,846
Total Liabilities	\$ 364,699	\$ 24,336	\$ -0-	\$ 389,035
	=====	=====	=====	=====
Fund Balance - Reserved	\$ 154,608	\$	\$	\$ 154,608
Fund Balance - Unreserved	1,177,585	415,208	18,863	1,611,656
Total Fund Balance	\$1,332,193	\$ 415,208	\$ 18,863	\$1,766,264
	=====	=====	=====	=====
Total Liabilities and Fund Balance	\$1,696,892	\$ 439,544	\$ 18,863	\$2,155,299
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2001

	General Fund Types			Total
	General	Road and Bridge	Jury	
Revenues				
Taxes	\$3,971,325	\$ 774,581	\$ 17,464	\$4,763,370
Charges for Services	332,568	130		332,698
Fines and Fees	221,959			221,959
Vehicle Registration				
And Fees	42,777	516,706		559,483
Lateral Road		37,772		37,772
Interest on Investment	141,693	37,975	988	180,656
Miscellaneous	309,488	26,352		335,840
Total Revenues	\$5,019,810	\$1,393,516	\$ 18,452	\$6,431,778
Expenditures				
District Judge	\$ 143,701	\$	\$	\$ 143,701
District Clerk	105,920			105,920
County Judge	746,958			746,958
County Clerk	216,595			216,595
Tax Office	207,141			207,141
County Treasurer	148,888			148,888
County Attorney	120,774			120,774
Justice of Peace				
Precinct No. 1-4	153,138			153,138
County Veterans & Welfare	41,129			41,129
Adult Probation	831			831
Juvenile Probation	439,363			439,363
County Extension Office	75,770			75,770
County Sheriff	1,267,676			1,267,676
County Library	124,533			124,533
Road and Bridge				
Precinct No. 1-4		1,487,125		1,487,125
Jury			11,482	11,482
Total Expenditures	\$3,792,417	\$1,487,125	\$ 11,482	\$5,291,024

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2001

	General Fund Types			
	General	Road and Bridge	Jury	Total
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,227,393	\$ (93,609)	\$ 6,970	\$ 1,140,754
Other Financing Sources (Uses)				
Operating Transfers In	\$ 6,028,551	\$	\$	\$ 6,028,551
Operating Transfers Out	(7,140,004)			(7,140,004)
Total Other Financing Sources (Uses)	\$ (1,111,453)	\$ -0-	\$ -0-	\$ (1,111,453)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 115,940	\$ (93,609)	\$ 6,970	\$ 29,301
Fund Balance at Beginning of Year	1,216,253	508,817	11,893	1,736,963
Fund Balance at End of Year	\$ 1,332,193	\$ 415,208	\$ 18,863	\$ 1,766,264
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2001

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
ASSETS -----					
Cash	\$ 6,413	\$ 26,194	\$ 11,963	\$ 6,453	\$ 51,023
Investment - CD's (Note 1)	86,550	135,708	84,650	78,060	384,968
Due From Other	888	888	888	889	3,553
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$ 93,851	\$162,790	\$ 97,501	\$ 85,402	\$439,544
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE -----					
Accounts Payable	\$ 7,489	\$ 8,154	\$ 4,197	\$ 4,496	\$ 24,336
	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 7,489	\$ 8,154	\$ 4,197	\$ 4,496	\$ 24,336
	-----	-----	-----	-----	-----
Fund Balance (Deficit)	86,362	154,636	93,304	80,906	415,208
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 93,851	\$162,790	\$ 97,501	\$ 85,402	\$439,544
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2001

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2000	\$139,893	\$125,037	\$ 94,348	\$149,539	\$ 508,817
ADD: Revenue	350,144	348,870	345,200	349,302	1,393,516
DEDUCT: Expenditures	(403,675)	(319,271)	(346,244)	(417,935)	(1,487,125)
	-----	-----	-----	-----	-----
FUND BALANCE (DEFICIT) September 30, 2001	\$ 86,362 =====	\$154,636 =====	\$ 93,304 =====	\$ 80,906 =====	\$ 415,208 =====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2001

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Car Tags	\$ 129,176	\$ 129,176	\$ 129,177	\$ 129,177	\$ 516,706	\$ 520,000	\$ (3,294)
Ad Valorem Taxes	193,646	193,646	193,645	193,644	774,581	758,724	15,857
TOTAL TAX COLLECTOR	\$ 322,822	\$ 322,822	\$ 322,822	\$ 322,821	\$ 1,291,287	\$ 1,278,724	\$ 12,563
OTHER REVENUE:							
Machine Hire	\$ 130	\$	\$	\$	\$ 130	\$	\$ 130
Interest	10,209	10,818	7,028	9,920	37,975	60,000	(22,025)
Miscellaneous	7,540	5,787	5,907	7,118	26,352	8,000	18,352
State - Lateral Road	9,443	9,443	9,443	9,443	37,772	38,000	(228)
TOTAL OTHER REVENUE	\$ 27,322	\$ 26,048	\$ 22,378	\$ 26,481	\$ 102,229	\$ 106,000	\$ (3,771)
TOTAL REVENUE	\$ 350,144	\$ 348,870	\$ 345,200	\$ 349,302	\$ 1,393,516	\$ 1,384,724	\$ 8,792

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2001

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES:</u>							
Salaries:							
Commissioners	\$ 29,016	\$ 29,016	\$ 29,016	\$ 29,016	\$ 116,064	\$ 116,076	\$ 12
Employees	76,934	91,428	94,068	91,346	353,776	376,402	22,626
Part-Time	18,207			6,000	24,207	17,000	(7,207)
Telephone	684	1,750	2,571	1,338	6,343	7,550	1,207
Postage					-0-	30	30
Stationary & Supplies			61		61	750	689
Furniture & Equipment					-0-	3,000	3,000
Travel	105				105	6,800	6,695
Education	150	100		150	400	1,400	1,000
Automobile Allowance			5,400		5,400	6,000	600
Group Insurance	36,421	39,719	46,049	44,371	166,560	171,446	4,886
Retirement	11,343	11,208	11,455	11,527	45,533	45,752	219
Social Security	9,498	9,214	9,194	9,628	37,534	37,675	141
Bonds	178		178		356	-0-	(356)
Machine Hire	9,957	108		7,600	17,665	29,800	12,135
Parts & Repairs	44,311	30,036	30,496	26,628	131,471	120,000	(11,471)
Fuel & Oil	31,855	39,021	20,246	37,544	128,666	128,000	(666)
Material & Supply	9,458	21,307	75,646	100,758	207,169	100,000	(107,169)
Utilities	3,770	1,019	2,038	1,852	8,679	9,550	871
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Car Tags	202	202	202	1,402	2,008	2,000	(8)
Capital Outlay	117,242	41,479	16,000	45,151	219,872	772,021	552,149
Unemployment Insurance					-0-	4,000	4,000
Workmen's Comp.	2,874	2,874	2,874	2,874	11,496	12,000	504
Auto & Liability Insurance					-0-	30,000	30,000
Highway Maintenance					-0-	90,000	90,000
Contract Services	720	40			760	16,000	15,240
TOTAL EXPENDITURES	<u>\$ 403,675</u>	<u>\$ 319,271</u>	<u>\$ 346,244</u>	<u>\$ 417,935</u>	<u>\$ 1,487,125</u>	<u>\$ 2,106,252</u>	<u>\$ 619,127</u>

SUPPLEMENTAL INFORMATION

LAMB COUNTY, TEXAS
 SCHEDULE OF INVESTMENTS-ALL FUNDS
 SEPTEMBER 30, 2001

	Group -----	Book Value -----
Certificate of Deposit -----		
Texpool:		
General Fund	14002	\$ 280
Precinct One	14002	31
I.C.T.-Government Securities Portfolio Fund		
General Fund		1,387,714
Precinct One		86,519
Precinct Two		135,708
Precinct Three		84,650
Precinct Four		78,060
Jury Fund		10,993
Debt Service Fund		54,738

Total		\$1,838,693
		=====

LAMB COUNTY, TEXAS
SCHEDULE OF BONDS
 SEPTEMBER 30, 2001

<u>DATE OF ISSUE</u>	<u>DESCRIPTION</u>	<u>INTEREST RATE</u>	<u>(TERMS) MATURITY SCHEDULE</u>	<u>FUND PAYABLE FROM</u>	<u>AMOUNTS OUTSTANDING 10-1-00</u>	<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>
09-15-97	CERTIFICATE OF OBLIGATION, SERIES 1997	4.50% TO 6.10%	10 YEARS	DEBT SERVICE FUND	\$ 1,900,000	\$ -0-	\$ 300,000
<u>REQUIREMENTS</u>							
<u>AMOUNTS OUTSTANDING 9-30-01</u>	<u>INTEREST CURRENT YEAR</u>	<u>YEAR ENDING 9-30-02</u>		<u>YEAR ENDING 9-30-03</u>		<u>10-1-03 TO MATURITY INTEREST</u>	
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>		
\$ 1,600,000	\$ 105,445	\$ 300,000	\$ 89,970	\$ 300,000	\$ 74,550	\$ 140,400	

LAMB COUNTY, TEXAS
 SCHEDULE OF RECORD MANAGEMENT ACCOUNTS
 SEPTEMBER 30, 2001

	MANDATORY		RECORDS MANAGEMENT ACCOUNT
	RECORDS ACCOUNT	COURT SECURITY	
BALANCE 10-1-00	\$ 32,500	\$ 23,930	\$ 74,447
REVENUE			
County Clerk	\$ 5,555	\$ 1,298	\$ 15,280
District Clerk	2,252	1,624	
Justice of the Peace		4,877	
Total Revenue	\$ 7,807	\$ 7,799	\$ 15,280
EXPENDITURES			
Mandatory Records Expense	\$	\$	\$
Mandatory Court Records Expense			
Record Management Expense			7,155
Total Expenditures	\$ -0-	\$ -0-	\$ 7,155
BALANCE 9-30-01	\$ 40,307	\$ 31,729	\$ 82,572
	=====	=====	=====

GENERAL FIXED ASSETS

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #1</u>				
Shredder	\$ 400	\$	\$	\$ 400
Pneumatic Roller #7816	1,970			1,970
Snow Plow	150			150
Bed and Hoist	2,977			2,977
JD 4040 Tractor	24,360			24,360
Belshe T-2 3 Axle Pintle Hitch Trailer #4KOGOO (2-84)	3,898			3,898
SM60 Bush Hog 60 Mower (10-65)	4,245			4,245
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
Crane 20 Ton (4-94)	7,000			7,000
Roller C-350 A89C1949 (3-94)	12,000			12,000
1968 Mack Truck (10-94)	5,650			5,650
1980 Mack Truck (2-95)	15,500			15,500
1992 F250 Ford Pickup 2FTHF26 (1-96)	6,500			6,500
1977 Dodge Tank Truck T81HZ3T (1-96)	7,000			7,000
Roller (2-96)	2,000			2,000
Radio Equipment (3-96)	10,107			10,107
1985 Mack Truck (9-96)	7,800			7,800
Tandem Axle Unit (9-96)	900			900
1995 JD 770 BH Motor Grader SN554339 (10-95)	94,000		94,000	-
Allis-Chalmers Tractor SN138 (5-97)	20,000			20,000
12' Utility Trailer (10-97)	900			900
938 G Caterpillar (9-98)	85,000			85,000
JD 770 Motor Grader (2-98)	98,500			98,500
Forklift W/Bucket Loader (9-98)	4,000			4,000
Trailer Low Bed (1-98)	1,346			1,346
Welder (12-97)	1,265			1,265
JD 4840 Tractor - # 008118 (839)	14,850			14,850
1999 Dump Truck - # 0383 (853)	23,500			23,500
1999 Dump Truck - # 0382 (854)	23,500			23,500
Packer (857)	500			500
Mower	475			475
140 H Version Mtr Grader #22K04627	111,000			111,000
140 H Mtr Grader #22K05091	117,500			117,500
2000 Chev P/U Model K2500	22,093			22,093
2000 Mack Truck #129268	62,500		62,500	-
2001 JD 770CH Motor Grader - #579203 (945)		87,500		87,500
2001 Mack CH613 Truck - #14248 (959)		56,500		56,500
 Total Equipment	 \$947,241	 \$ 144,000	 \$ 156,500	 \$ 934,741

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #1 (continued)</u>				
Lots	900			900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
Fence Olton Barn (8-87)	2,600			2,600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Pct # 1	\$989,267	\$ 144,000	\$ 156,500	\$976,767
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #2</u>				
2 - Culvert Trailers	\$ 1,000	\$	\$	\$ 1,000
1 - Shop Made Trailer	500			500
Nail Picker	4,650			4,650
Miller Tilt Top Trailer 18038	4,744			4,744
1978 Mack W/Dump 72266	28,610			28,610
1987 3/4 Ton Pickup	9,350			9,350
1988 GMC Pickup SN578015 (6-88)	12,285			12,285
1-Shop Made Trailer	500			500
1 Spray Rig Complete	2,648			2,648
1982 Clements Dump Trailer SN 1B3BM1 (4-91)	14,000			14,000
1 - Roller Grid	13,800			13,800
Trailer (9-93)	3,600			3,600
1995 Chevy 3/4 Ton Pickup (4-94)	15,709			15,709
1979 Mack Truck (2-95)	9,500			9,500
140H Cat Motor Grader 02ZK00880 (5-96)	108,000		108,000	-0-
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
140H Cat - #3634 (848)	117,500			117,500
1989 Mack - #7057 (855)	24,000			24,000
Fuel Truck - #0799 (865)	2,740			2,740
140H Cat - #4275 (866)	111,000			111,000
938 G Cat Wheel Loader #47501647	75,000			75,000
140 H Version Mtr Grader #2ZK05067	109,000			109,000
2000 Ford F150 P/U #YKA850	21,290			21,290
2001 Motor Grader - # K06524 (958)	109,000	109,000		109,000
Total Equipment	\$ 715,926	\$ 109,000	\$ 108,000	\$ 716,926
Land	1,450			1,450
Barn	19,618			19,618
Total Pct # 2	\$ 736,994	\$ 109,000	\$ 108,000	\$ 737,994

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #3</u>				
Welding Machine	\$ 306	\$	\$	\$ 306
Propane Tank	160			160
Magnetic Nail Picker	339			339
Wisconsin Trailer	1,800			1,800
Asphalt Pot on Trailer	4,000			4,000
Case Tractor 864180	10,750			10,750
Heston-Mower 3500-1108	803			803
Eversman Float	400			400
Pneumatic Packer	500			500
1983 GMC Pickup SN501265	10,152			10,152
1987 Chevy Truck (11-86) SNHV103305	26,957			26,957
5 HP Air Compressor (7-87)	300			300
1-1955 Trailmobile Tank (5-88)	1,750			1,750
Shredder #930458 (12-87)	5,000			5,000
1968 Chevy Truck SN144162 (5-88)	2,900			2,900
1980 Timpbe Belly Dump Trailer (5-88)	15,500			15,500
1973 Mack Truck (5-88) SN3LST13865	8,000			8,000
1981 Used Timpbe Beal Belly Dump Trailer	10,500			10,500
Trailer Tandem Axle	400			400
14' Offset Tandem (3-94)	1,700			1,700
16' Miller Plow (3-94)	2,500			2,500
Dunham Belly Dump (2-95)	10,500			10,500
Miller Offset Plow (2-95)	2,500			2,500
Campac Packers (4-95)	5,000			5,000
1976 GMC Truck (10-94)	2,000			2,000
1957 Trim Tank Trailer (4-96)	1,700			1,700
1981 Chevy Pickup (9-96) 334003	1,250			1,250
12' Flail Shredder (9-96)	850			850
1996 Cat Model 140H SN22K01225 (11-96)	108,000			108,000
Compressor - 7.5 HP/80 Gal	1,600			1,600
1997 Cat Model 140H SN22K02662 (9-97)	109,000			109,000
1994 Ford Pickup F150 (9-98)	4,500			4,500
140H Caterpillar (9-98)	85,000			85,000
544H JD Loader - #1267 (850)	97,500			97,500
140 H Cat - #4286 (858)	111,000			111,000
1986 Cherokee Truck - #9514 (859)	6,000			6,000
JD 4440 Tractor (868)	6,700			6,700
Welder	300			300
1990 GMC P/U	3,150			3,150

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #3 (continued)</u>				
1966 Cook BTM Dump Truck #A5658	1,000			1,000
1979 Mack Truck #T42579	4,000			4,000
1985 Int Truck Tractor #A12718	7,500			7,500
Hyster Tow Type Vibratory Roller #B79C59K	2,500			2,500
Bush Hog Flex-Wing Shredder #12-09661	8,500			8,500
1988 Chev 4X4 P/U - #147173 (941)		2,700		2,700
1991 Chev P/U - #205860 (957)		3,300		3,300
1988 Mack Truck		10,000		10,000
 Total Equipment	 \$ 684,767	 \$ 16,000	 \$ -0-	 \$ 700,767
 Iron Clad Barn	 10,000			 10,000
 Total Pct # 3	 \$ 694,767	 \$ 16,000	 \$ -0-	 \$ 710,767

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00	Additions	Deletions	Balance 9-30-01
<u>Precinct #4</u>				
1965 Wisconsin SN2297	\$ 1,544	\$	\$	\$ 1,544
Welder	149			149
Floor Jack	350			350
Magnetic Nail Picker	1,507			1,507
Snow Plow	1,250			1,250
Dump Bed	1,545			1,545
1961 Chevy Pickup 130017	3,600			3,600
Sprayer	548			548
1974 Mack Truck SN 22339 (9-84)	13,750			13,750
Hyster Grid Roller SN301600L (3-86)	16,500			16,500
1978 International Truck (7-86) SN HCA10890	4,800			4,800
3294 Tractor (12-86)	26,500		26,500	-0-
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
936E Wheel Loader 04SB02649	90,000			90,000
Fuel Tank (3-94)	2,000			2,000
1980 Mack Truck (2-95)	14,500			14,500
1996 Cat Model 140H SN22K01300 (11-96)	108,000		108,000	-0-
1988 Cat Backhoe SN5PC06404	19,000			19,000
140H Caterpillar (4-98)	108,000			108,000
1999 Chevy P/U - #4608 (856)	22,900		22,900	-0-
140K CAT - #4396 (863)	111,000			111,000
Ripper W/Pushblock (864)	8,739			8,739
1989 Chev P/U - #0082 (577)	12,850			12,850
140H Version Mrt Grader #22K05095	109,000			109,000
2000 Midland MG40 Dump Trk #000734	22,500			22,500
2000 Midland MG40 Dump Trk #000733	22,500			22,500
Caterpillar Escavator - #9RL00289 (960)		64,942		64,942
Bush-Hog Model 12615 (961)		8,900		8,900
2000 Chev K1500 - #325712 (938)		27,851		27,851
Caterpillar Model 140H - #K05655 (942)		117,500		117,500
 Total Equipment	 \$ 763,610	 \$ 219,193	 \$ 157,400	 \$ 825,403
 Land	 2,000			 2,000
Bam	10,000			10,000
 Total Pct #4	 \$ 775,610	 \$ 219,193	 \$ 157,400	 \$ 837,403

LAMB COUNTY, TEXAS
STATEMENT OF GENERAL FIXED ASSETS
September 30, 2001

	Balance 9-30-00 <u> </u>	Additions <u> </u>	Deletions <u> </u>	Balance 9-30-01 <u> </u>
Other General Fixed Assets	\$ 10,867,664 <u> </u>	\$ 213,975 <u> </u>	\$ 95,957 <u> </u>	\$ 10,985,682 <u> </u>
Total General Fixed Assets	\$ 14,064,302 <u> </u> <u> </u>	\$ 702,168 <u> </u> <u> </u>	\$ 517,857 <u> </u> <u> </u>	\$ 14,248,613 <u> </u> <u> </u>

OFFICE OF THE TAX ASSESSOR-COLLECTOR

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
CONSOLIDATED SUMMARY OF TAX REPORTS
For Year Ended September 30, 2001

	<u>Total</u>	<u>County Taxes</u>	<u>Motor Vehicle Tax</u>	<u>Vehicle Registration</u>	<u>Title Applications</u>
Receipts:					
Taxes and Fees Collected	<u>\$8,473,424</u>	<u>\$6,707,834</u>	<u>\$ 949,640</u>	<u>\$ 774,611</u>	<u>\$ 41,339</u>
Disbursements:					
State Treasurer	\$ 907,180	\$	\$ 905,791	\$	\$ 1,389
County Treasurer-Fees	45,525	2,798		24,210	18,517
County Treasurer-Taxes	5,667,470	5,150,833		516,637	
Texas Highway Department	250,316			229,419	20,897
Water District	65,204	65,204			
City of Littlefield	549,746	549,746			
Discounts	125,400	125,400			
Texas Park & Wildlife	536				536
Attorney Fees	23,351	23,351			
Texas Agricultural Finance Authority	4,345			4,345	
VIT Escrow Account	43,849		43,849		
City of Springlake	30,308	30,308			
Spade ISD	217,888	217,888			
Amherst ISD	542,306	542,306			
Total Disbursements	<u>\$8,473,424</u>	<u>\$6,707,834</u>	<u>\$ 949,640</u>	<u>\$ 774,611</u>	<u>\$ 41,339</u>

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF MONTHLY REPORTS-AD VALOREM TAXES
For Year Ended September 30, 2001

Receipts

2000 Roll:	
County/Hospital/Debt Service	\$5,121,288
Penalty and Interest	19,597

Delinquent:	
County/Hospital/Debt Service	101,223
Penalty and Interest	32,484

Other:	
Water District	69,643
City of Littlefield	549,746
City of Springlake	30,308
Spade ISD	217,888
Amherst ISD	542,306
Attorney Fees	23,351

Total Receipts	\$6,707,834
	=====

Disbursements:

County Treasurer-Taxes	\$5,150,833
County Treasurer-Fees	2,798
Water District	65,204
Discounts	125,400
City of Littlefield	549,746
City of Springlake	30,308
Spade ISD	217,888
Amherst ISD	542,306
Attorney Fees	23,351

Total Disbursements	\$6,707,834
	=====

Reconciliation With County Treasurer

FYE 9-30-01 Receipts Per County Treasurer	\$5,154,503
Less: FYE 9-30-00 Receipts Received in FYE 9-30-01	(4,302)
Add: FYE 9-30-01 Receipts Received in FYE 9-30-02	3,430

Add: Disbursements Made By Tax Assessor-Collector

For Lamb County:

City of Littlefield	\$549,746	
City of Springlake	30,308	
Spade ISD	217,888	
Amherst ISD	542,306	
Water District	65,204	
Discounts	125,400	
Attorney Fees	23,351	
	-----	1,554,203

Total Ad Valorem Taxes Collected Per
Monthly Reports

	\$6,707,834
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF MONTHLY REPORTS-MOTOR VEHICLE SALES, USE, AND INVENTORY TAX
For Year Ended September 30, 2001

Receipts:	
Taxes Collected	\$ 949,640 =====

Disbursements:	
State Treasurer-Taxes	\$ 905,791
VIT Escrow Account	43,849 -----
	\$ 949,640 =====

<u>Reconciliation of Escrow Account</u>	
Escrow Balance FYE 9-30-00	\$ 37,571
Reports 10-1-00 to 12-31-00	11,221 -----
	\$ 48,792
Disbursement to Tax Entities	48,792 -----
Balance	\$ -0-
Reports 1-1-01 to 9-30-01	32,629 -----
Escrow Balance FYE 9-30-01	\$ 32,629 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF WEEKLY REPORTS-VEHICLE REGISTRATION
For Year Ended September 30, 2001

Receipts:	
Vehicle Registration	\$654,962
County Road & Bridge Fund	115,304
Young Farmer Endowment Program	4,345

Total Receipts	\$774,611
	=====

Disbursements:	
County Treasurer Fees	* \$ 24,211
County Treasurer Tags	* 516,636
Texas Highway Department	229,419
Texas Agricultural Finance Authority	4,345

Total Disbursements	\$774,611
	=====

<u>Reconciliation With Treasurer</u>	
Receipts Per Treasurer FYE 9-30-01	\$540,847
Less: FYE 9-30-00 Receipts Received in FYE 9-30-01	-0-
Add: FYE 9-30-01 Receipts Received in FYE 9-30-02	-0-

Total County Fees and Tags FYE 9-30-01	\$540,847*
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF DAILY REPORTS-TITLE APPLICATIONS/TAX CERTIFICATES
For Year Ended September 30, 2001

Receipts:

Title Applications	\$ 34,616
Tax Certificates	5,260
Boat Motor Tax	1,463

	\$ 41,339
	=====

Disbursements:

State Treasurer - Taxes	\$ 1,389
County Treasurer Fees	18,517
Texas Highway Department Fees	20,897
Texas Parks and Wildlife Department	536

	\$ 41,339
	=====

Reconciliation With Treasurer

Receipts Per Treasurer FYE 9-30-01	\$ 18,498
Less: FYE 9-30-00 Receipts Received in FYE 9-30-01	(316)
Add: FYE 9-30-01 Receipts Received in FYE 9-30-02	335

Total County Fees FYE 9-30-01	\$ 18,517
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2000 ROLL
For The Year Ended September 30, 2001

Roll

Taxable Value	\$875,601,886
	=====
Tax Levy	\$ 5,235,224
Collections	

October 1, 2000 thru	
June 30, 2001	5,121,288

Balance June 30, 2001	\$ 113,936
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2001

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

Total Tax Per \$100 Valuation	\$.5979	100.00
	=====	=====
Distribution as Follows:		
Jury Fund	\$.0020	00.34
General Fund	.3262	54.56
General Road & Bridge	.0900	15.05
Hospital	.1337	22.36
Debt Service Fund	.0460	07.69
	-----	-----
County Tax Rate	\$.5979	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2001

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-00	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-01
1992 & Prior Years			\$ 18,985	\$	\$ 1,932	\$ (416)	\$ 16,637
1993	.3195	939,516,911	4,035		685	(91)	3,259
1994	.3195	929,845,015	5,048		471	(272)	4,305
1995	.3353	914,495,336	6,220		639	(279)	5,302
1996	.3659	903,674,387	7,826		1,723	(78)	6,025
1997	.3787	906,264,352	9,410		2,848	(83)	6,479
1998	.5837	892,281,680	23,358		6,733	(165)	16,460
1999	.5990	861,510,669	37,568		12,595	(138)	24,835
2000	.5879	885,400,600	76,048		36,929	(185)	38,934
2001 (Year Under Audit)	.5979	875,601,886		5,235,224	5,157,958	34	77,300
TOTALS			\$ 188,498	\$ 5,235,224	\$ 5,222,513	\$ (1,673)	\$ 199,536

ALLOCATION OF DELINQUENT TAX BALANCE

GENERAL FUND	\$ 193,592
DEBT SERVICE FUND	5,944
TOTAL	\$ 199,536

OFFICE OF THE COUNTY CLERK

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY CLERK FUND
For Year Ended September 30, 2001

Receipts:	
Recording Fees	\$ 21,078
Marriage License	1,855
Certified Copies	5,118
Xerox	2,560
Birth Certificates	4,563
Financing Statements	3,166
Probate and Civil	879
Criminal Cases	26,353
Interest	249
Tax Liens	1,648
Mandatory Court Security	574
Mandatory Records Management	2,917
County Clerk Records Management	16,138
Work Release	2,306
Family Trust Fund	393

Total Receipts	\$ 89,797

Disbursements:	
County Treasurer	\$ 98,509
Refunds and Other	166

Total Disbursements	\$ 98,675

Excess Receipts Over Disbursements	\$ (8,878)
Fund Balance 9-30-00	14,147

Fund Balance 9-30-01	\$ 5,269
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY COURT FUND
For Year Ended September 30, 2001

Receipts:		
Court Cost Deposits	\$ 19,145	
Mandatory Court Security	495	
Mandatory Records Management	495	
Interest	554	

Total Receipts		\$ 20,689
Disbursements:		
Refund of Deposits	\$ 463	
Other Fees	500	
County Treasurer	16,387	

Total Disbursements		17,350

Excess Receipts Over Disbursements		\$ 3,339
Fund Balance 9-30-00		11,060

Fund Balance 9-30-01		\$ 14,399
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CRIMINAL PARTIAL PAYMENT FUND
For Year Ended September 30, 2001

Receipts:		
Payments Received	\$ 98,876	
Mandatory Court Security	322	
Mandatory Records Management	2,065	
Interest	750	

Total Receipts		\$102,013
Disbursements:		
County Treasurer	\$ 86,996	
Miscellaneous	9,771	

Total Disbursements		96,767

Excess Receipts Over Disbursements		\$ 5,246
Fund Balance 9-30-00		18,819

Fund Balance 9-30-01		\$ 24,065
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CASH BOND FUND
For Year Ended September 30, 2001

	CRIMINAL	CIVIL
	-----	-----
Receipts:		
Payments Received	\$ 12,000	\$ 1,500
	-----	-----
Total Receipts	\$ 12,000	\$ 1,500
Disbursements:		
Applied to Court Costs	\$ 6,525	\$ -0-
Refunded	8,505	1,054
County Treasurer	-0-	-0-
Other	-0-	-0-
	-----	-----
Total Disbursements	15,030	1,054
	-----	-----
Excess Receipts Over Disbursements	\$ (3,030)	\$ 446
Fund Balance 9-30-00	17,145	8,239
	-----	-----
Fund Balance 9-30-01	\$ 14,115	\$ 8,685
	=====	=====

OFFICE OF THE DISTRICT CLERK

LAMB COUNTY, TEXAS
OFFICE OF THE DISTRICT CLERK
SUMMARY OF MONTHLY REPORTS TO COUNTY TREASURER
For Year Ended September 30, 2001

	Civil -----	Criminal -----
Receipts:		
Felony Court Costs	\$	\$ 497
Fine		13,812
Clerk Filing Fees	18,401	1,649
Criminal Justice Plan		296
Crime Victims Fund		1,370
Sheriff Fees	11,595	2,345
Court Appointed Attorney	818	1,157
Probation Fees		19,751
Mandatory Court Security	1,029	179
Mandatory Records Management	1,059	350
Consolidated State Court		1,423
Law Library	2,980	
Passport Fees	285	
Certified Copies	283	
Steno Fees	2,259	
Indigent Fund	2,034	
State Fees	8,810	
Miscellaneous	2,763	1,003
Interest Income	3,531	2,425
	-----	-----
Total Receipts	\$ 55,847 =====	\$ 46,257 =====
Disbursements:		
Lamb County Treasurer	\$ 46,610	\$ 26,879
154th Judicial Adult Probation Dept.		19,751
State Treasurer	8,810	
Less: FYE 9-30-00 Fees Paid in		
FYE 9-30-01	(3,143)	(2,145)
Add: FYE 9-30-01 Fees Paid in		
FYE 9-30-02	3,570	1,772
	-----	-----
Total Disbursements	\$ 55,847 =====	\$ 46,257 =====

OFFICE OF THE COUNTY SHERIFF

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOREIGN FEE LEDGER
For Year Ended September 30, 2001

Receipts:

Foreign Fees	\$ 5,616	
Other	55	\$ 5,671

Disbursements:

County Treasurer	\$ 5,671	
Other	-0-	5,671
	-----	-----

Excess Receipts Over Disbursements	\$ -0-
Fund Balance 9-30-00	-0-

Fund Balance 9-30-01	\$ -0-
	=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$ 5,851
Add: Receivable FYE 9-30-01	210
Less: Receivable FYE 9-30-00	(390)

Disbursements to Treasurer	\$ 5,671
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
DRUG PROGRAM ACCOUNT
For Year Ended September 30, 2001

Receipts:

Telephone Commission	\$ 21,264	
Other	10,017	

Total Receipts		\$31,281

Disbursements:

Drug Investigation	\$ 687	
Public Relations & Information	-0-	
Investigation Equipment	8,275	
Miscellaneous	377	
Other	8,448	

Total Disbursements		17,787

Excess Receipts Over Disbursements	\$13,494
------------------------------------	----------

Cash Balance, 9-30-00	9,277

Cash Balance, 9-30-01	\$22,771
	=====

Summary:

Cash on Hand	\$ 754
Cash in Bank - SSB	22,017

Total	\$22,771
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED COMMISSARY ACCOUNT
For Year Ended September 30, 2001

Receipts:

Inmate Deposits	\$	-0-	
Other		-0-	

Total Receipts			\$ -0-

Disbursements:

Purchases	\$	-0-	
Inmate Accounts Closed		-0-	
Commissary		-0-	

Total Disbursements			-0-

Excess Receipts Over Disbursements	\$	-0-	
Cash Balance, 9-30-00			874

Cash Balance, 9-30-01	\$	874	
			=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
COMMISSARY ACCOUNT
For Year Ended September 30, 2001

Receipts:

Sales - Commissary Items	\$11,644	
Other	4,455	

Total Receipts		\$16,099

Disbursements:

Purchases	\$ 6,393	
Sales Tax	1,559	
Utilities	70	
Supplies	215	
Bookkeeping	300	
Transfers - Prisoner Account	379	
Other	4,455	

Total Disbursements		13,371

Excess Receipts Over Disbursements	\$ 2,728
Cash Balance, 9-30-00	4,538

Cash Balance, 9-30-01	\$ 7,266
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PETTY CASH ACCOUNT
For Year Ended September 30, 2001

Receipts:

Reimbursements	\$ 7,378	
Other	1,110	

Total Receipts		\$8,488

Disbursements:

Travel	\$ 3,795	
Supplies	765	
School	162	
Meals	1,018	
Miscellaneous	701	
Other	1,579	

Total Disbursements	8,020	

Excess Receipts Over Disbursements	\$ 468
Cash Balance, 9-30-00	186

Cash Balance, 9-30-01	\$ 654
	=====

Summary:

Cash on Hand	\$ 231
Cash in Bank - SSB	423

Total	\$ 654
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PRISONER ACCOUNT
For Year Ended September 30, 2001

Receipts:

Inmate Deposits	\$ 29,940
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Disbursements:

Commissary Use & Refunds	30,376

Excess Receipts Over Disbursements	\$ (436)
------------------------------------	----------

Cash Balance, 9-30-00	2,158

Cash Balance, 9-30-01	\$ 1,722
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED PRISONER ACCOUNT
For Year Ended September 30, 2001

Receipts:

Transfers - Prisoner Account	\$ 1,665
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Disbursements:

Refunds	197

Excess Receipts Over Disbursements	\$ 1,468
------------------------------------	----------

Cash Balance, 9-30-00	-0-

Cash Balance, 9-30-01	\$ 1,468
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
EDUCATION ACCOUNT
For Year Ended September 30, 2001

Receipts:

State Revenue	\$ 2,573
Other	2,278

Disbursements:

Continuing Education Use	3,214

Excess Receipts Over Disbursements	\$ 1,637
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Cash Balance, 9-30-00	-0-

Cash Balance, 9-30-01	\$ 1,637
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FORFEITURE ACCOUNT
For Year Ended September 30, 2001

Receipts:

Seizure	\$ 1,841
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Disbursements:

-0-

Excess Receipts Over Disbursements

\$ 1,841

Cash Balance, 9-30-00

-0-

Cash Balance, 9-30-01

\$ 1,841

=====

OFFICE OF THE JUSTICES OF PEACE

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 1
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2001

Receipts:		
Fines	\$21,426	
Other	480	\$21,906

Disbursements:		
County Treasurer	\$21,088	
Fines Collected for Other Agency	606	
Other	-0-	21,694
	-----	-----
Excess Receipts Over Disbursements		\$ 212
Fund Balance 9-30-00		(308)

Fund Balance 9-30-01		\$ (96)
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$21,399
Less: FYE 9-30-00 Fees Received in FYE 9-30-01	(2,731)
Add: FYE 9-30-01 Fees Received in FYE 9-30-02	1,985
Add: Court House Security Fund	435

Total Fines Collected for County Per Monthly Reports JP #1	\$21,088
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 2
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2001

Receipts:		
Fines	\$ 9,294	
Redeposits	-0-	
Other	237	\$ 9,531

Disbursements:		
County Treasurer	\$10,158	
Returned Checks	-0-	
Other	103	10,261
	-----	-----
Excess Receipts Over Disbursements		\$ (730)
Fund Balance 9-30-00		398

Fund Balance 9-30-01		\$ (332)
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 8,739
Less: FYE 9-30-00 Fees Received in FYE 9-30-01	-0-
Add: FYE 9-30-01 Fees Received in FYE 9-30-02	1,203
Add: Court House Security Fund	216

Total Fines Collected for County Per Monthly Reports JP #2	\$10,158
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 3
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2001

Receipts:		
Fines and Restitution	\$170,160	
Redeposits and Fees	475	\$170,635

Disbursements:		
County Treasurer	\$167,358	
Fines Collected For Other Agency and		
Restitution	2,802	
Returned Checks	475	170,635
	-----	-----
Excess Receipts Over Disbursements		\$ -0-
Fund Balance 9-30-00		200

Fund Balance 9-30-01		\$ 200
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$160,688
Less: FYE 9-30-00 Fees Received in FYE 9-30-01	-0-
Add: FYE 9-30-01 Fees Received in FYE 9-30-02	3,370
Add: Court House Security Fund	3,300

Total Fines Collected for County Per	
Monthly Reports JP #3	\$167,358
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 4
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2001

Receipts:		
Fines	\$ 32,058	
Redeposits	-0-	
Other	677	\$ 32,735

Disbursements:		
County Treasurer	\$ 32,180	
Fines Collected For Other Agency	554	
Other	-0-	32,734
	-----	-----

Excess Receipts Over Disbursements		\$ 1
Fund Balance 9-30-00		147

Fund Balance 9-30-01		\$ 148
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 31,910
Less: FYE 9-30-00 Fees Received in FYE 9-30-01	(969)
Add: FYE 9-30-01 Fees Received in FYE 9-30-02	562
Add: Court House Security Fund	677

Total Fines Collected For County Per Monthly Reports JP #4	\$ 32,180
	=====

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

Webb, Webb, and Wright
Certified Public Accountants

Member
Texas Society of CPA's
American Institute of CPA's

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FAX: (806) 385-5183

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

February 6, 2002

Independent Auditor's Report

Report on Compliance and on Internal Control over Financial
Reporting 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

We have audited the general purpose financial statements of Lamb County as of and for the year ended September 30, 2001, and have issued our report thereon dated February 6, 2002. Our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of other auditors. Accordingly, the proprietary fund is not covered by this report. 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.

Compliance

As part of obtaining reasonable assurance about whether Lamb County's general purpose financial statements are free of material misstatement, we performed tests of Lamb County's compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards
Lamb County - February 6, 2002

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lamb County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of Lamb County's management, others within the organization and the appropriate state and federal agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WEBB, WEBB, & WRIGHT, CPA's

Webb, Webb + Wright

LAMB COUNTY, TEXAS

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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

LAMB COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

____ Yes X No

Reportable condition(s) 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

C. Federal Award Findings and Questioned Costs

None

LAMB COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2001

None