

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2008

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2008

Name of Official -----	Office -----
Bill Thompson	County Judge
Rodney Smith	Commissioner, Precinct #1
Jimmy McCurry	Commissioner, Precinct #2
Emil Macha	Commissioner, Precinct #3
Jimmy Young	Commissioner, Precinct #4
Mark Yarbrough	County Attorney
Gina Jones	County Auditor
Gary Maddox	County Sheriff
Janice Wells	County Treasurer
Linda Charlton	Tax Assessor-Collector
Jamee Long	County Clerk
Stephanie Chester	District Clerk
Becky DeBerry	Justice of Peace #1
Christy Clark	Justice of Peace #2
Al Mann	Justice of Peace #3
Carolyn Harmon	Justice of Peace #4

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FINANCIAL SECTION

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Certified Public Accountants

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

June 10, 2009

Independent Auditor's Report on Financial Statements

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these 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, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

Lamb County - June 10, 2009

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof 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 June 10, 2009 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise Lamb County's basic financial statements. 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 basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

WEBB, WEBB AND WRIGHT, CPA's

Webb, Webb + Wright

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lamb County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the County's financial statements.

USING THIS ANNUAL REPORT

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

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

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

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

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

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

The County as Trustee

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for money collected from those outside of the government. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these resources from the County's other financial statements because the County cannot use them to support its operations. The County is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net assets of the County's governmental activities increased from \$8,029,353 to \$8,505,500. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$3,253,237 at September 30, 2008.

This increase in governmental net assets was the net result of the County's revenues exceeding the expenditures as shown in Exhibit B-1.

The net assets of our business-type activities decreased by \$213,160. This decrease is significant to the overall operations of the County. However, it represents significant services to the community. Factors contributing to this decrease are shown in Exhibit B-1.

Table 1**Lamb County****Net Assets**
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	3,515	3,417	4,037	4,371	7,552	7,788	-3.0%
Capital assets	5,315	5,235	1,337	1,371	6,652	6,606	.7%
Total assets	8,830	8,652	5,374	5,742	14,204	14,394	-1.3%
Long-term liabilities	48	17			48	17	182.4%
Other liabilities	276	606	1,088	1,242	1,364	1,848	-26.2%
Total liabilities	324	623	1,088	1,242	1,412	1,865	-24.3%
Net assets:							
Invested in capital assets, net of related debt	5,252	5,200	1,307	1,053	6,559	6,253	4.9%
Restricted					-0-	-0-	0.0%
Unrestricted	3,253	2,829	2,979	3,447	6,232	6,276	-.7%
Total net assets	8,505	8,029	4,286	4,500	12,792	12,529	2.1%
	=====	=====	=====	=====	=====	=====	

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2007-2008
Revenues:							
Net program revenues:							
Charges for services	620	848	8,589	8,330	9,209	9,178	.4%
Operating grants and contributions	143	12	2	3	145	15	866.7%
Capital Grants and contributions			50		50	-0-	5,000.0%
General revenues:							
Property taxes	6,369	6,334			6,369	6,334	.6%
Other taxes	599	606			599	606	-1.2 %
Grants and contributions not restricted					-0-	-0-	0.0%
Unrestricted investments earnings	179	369	61	159	240	528	-54.5%
Other revenues	204	276	264	167	468	443	5.6%
Total revenues	8,114	8,445	8,966	8,659	17,080	17,104	-1%
Expenses:							
General government	2,180	2,065			2,180	2,065	5.6%
Judicial	457	471			457	471	-3.0 %
Public safety	2,099	1,892			2,099	1,892	10.9%
Highway and street	1,711	1,587			1,711	1,587	7.8%
Education	174	169			174	169	3.0%
Public welfare	51	50			51	50	2.0%
Health			10,136	10,440	10,136	10,440	-2.9%
Interest on long-term debt	2	12			2	12	-83.3%
Total expenses	6,674	6,246	10,136	10,440	16,810	16,686	.7%
Increase(decrease) in net assets before special items & transfers	1,440	2,199	(1,170)	(1,781)	270	418	-35.4%
Gain on Sale of Capital Asset	1				1	-0-	100.0%
Transfers	(957)	(1,103)	957	1,103	-0-	-0-	0.0%
Change in net assets	484	1,096	(213)	(678)	270	418	-35.4%
Net assets-beginning	8,029	6,933	4,500	5,117	12,529	12,110	3.5%
Increase (Decrease) in Net Assets	(8)				(8)	-0-	(800.0)%
Net assets-ending	8,505	8,029	4,286	4,500	12,792	12,529	2.1%

The County's governmental revenues decreased by \$331,599 this year. The total cost of governmental programs and services increased by \$428,601 this year. The County's business revenues increased by \$307,178 this year. The total cost of business programs and services decreased by \$303,583 this year.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Investment earnings decreased by 54.5% as a result of the lower interest rate established by the Federal Reserve during the past year.
- Total expenses for Public Safety increased by 10.9% and most of this increase was due to increased fuel prices for the last year. Other items that were factors included food expense for the inmates and equipment for the jail.
- Painting of the County Library.
- Updates to the County's twenty year old software package were begun.
- Lamb County also established a County Auditor's office in April of 2008.

The cost of all governmental and business-type activities this year was \$16,810,293. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$6,967,278 because \$9,209,674 of the costs were paid by those who directly benefited from the programs and \$194,908 by other governments and organizations that subsidized certain programs with grants and contributions.

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$3,146,525, which is significantly above last year's total of \$2,663,171. Included in this year's total change in fund balance is a net increase of \$593,333 in the County's General Fund.

The County was able to keep the same tax rate this year. Because of increased property valuations and higher than expected collections, the County received more tax revenue. The County was able to maintain a balanced budget without borrowing from outside sources.

General Fund Budgetary Highlights

The County's General Fund balance of \$3,025,119 differs from the General Fund's budgetary fund balance of \$1,768,127. This difference is shown on the budgetary comparison schedule (Exhibit F-1).

Over the course of the year, the Commissioner's Court reviewed whether to make any revisions to the original General Fund budgeted revenue and appropriations. However, no revisions were made to the original budget. The final budget reflected an excess of revenues over expenditures of \$236,341 and the actual excess was \$1,479,266. The most positive variance was from tax revenue and charges for services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the County had \$14,485,161 invested in a broad range of capital assets, including administrative facilities and equipment, public safety facilities and equipment, and maintenance buildings and equipment.

This year's major additions included:

Building & Improvements	\$ 56,727
Machinery & Equipment	219,913
Vehicles	228,277
Office Equipment	149,618

Total	\$ 654,535
	=====

The County purchased an ambulance to be used by Earth EMS. The total cost of the ambulance was \$110,200. A grant of \$35,000 was awarded to Earth EMS that offset the cost of the ambulance for the County. The net cost of the ambulance was \$75,200.

The County has plans to re-roof the Courthouse at an approximate cost of \$150,000 and re-roof the Juvenile Counseling Center at an approximate cost of \$29,000. The County has no plans to issue any new debt to finance these projects.

Debt

At year-end, the County had \$62,335 in outstanding debt versus \$34,639 last year.

More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected officials considered many factors when setting the fiscal year 2009 budget and tax rates such as the following:

- Expected decrease in population due to Detention Center closing.
- A part-time Attorney was added to the County Attorney's office to handle CPS cases.
- A full-time position was added with duties split between the County Judge's office and the County Treasurer's office.
- Anticipated re-roofing expenditures.
- Increase in fuel expenses.
- Salary increases averaging 3% for county employees were approved in the budget for the 2009 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

LAMB COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 4,542,264	\$ 1,385	\$ 4,543,649
Investments	290,705		290,705
Receivables (net of allowance for uncollectibles)	332,353	2,034,069	2,366,422
Internal balances	(1,655,210)	1,655,210	-0-
Due from other government units	5,000		5,000
Inventories		284,869	284,869
Prepays		61,271	61,271
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and improvements	3,157,175	1,538	3,158,713
Machinery and equipment	886,882	1,078,887	1,965,769
Vehicles	773,997		773,997
Office equipment	390,075		390,075
Capital Leases	73,499		73,499
Construction in progress		194,800	194,800
Total Capital Assets	\$ 5,314,598	\$ 1,337,047	\$ 6,651,645
TOTAL ASSETS	\$ 8,829,710	\$ 5,373,851	\$ 14,203,561
LIABILITIES			
Accounts payable and other current liabilities	\$ 119,805	\$ 725,587	\$ 845,392
Accrued liabilities		361,937	361,937
Deferred revenue	142,070		142,070
Noncurrent liabilities:			
Due within one year	14,355		14,355
Due in more than one year	47,980		47,980
TOTAL LIABILITIES	\$ 324,210	\$ 1,087,524	\$ 1,411,734
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,252,263	\$ 1,307,122	\$ 6,559,385
Unrestricted	3,253,237	2,979,205	6,232,442
TOTAL NET ASSETS	\$ 8,505,500	\$ 4,286,327	\$ 12,791,827

The accompanying notes are an integral part of this statement.
(11)

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,179,969	\$ 429,304	\$ 143,128	\$	\$ (1,607,537)	\$	\$ (1,607,537)
Judicial	456,889	169,154			(287,735)		(287,735)
Public safety	2,099,539				(2,099,539)		(2,099,539)
Highways and streets	1,710,663	21,719			(1,688,944)		(1,688,944)
Education	174,151				(174,151)		(174,151)
Public welfare	50,688				(50,688)		(50,688)
Interest on long-term debt	2,141				(2,141)		(2,141)
Total Governmental Activities	\$ 6,674,040	\$ 620,177	\$ 143,128	\$ -0-	\$ (5,910,735)	\$ -0-	\$ (5,910,735)
Business – Type Activities:							
Health	\$ 10,136,253	\$ 8,589,497	\$ 1,780	\$ 50,000	\$	\$ (1,494,976)	\$ (1,494,976)
Total Business-Type Activities	\$ 10,136,253	\$ 8,589,497	\$ 1,780	\$ 50,000	\$ -0-	\$ (1,494,976)	\$ (1,494,976)
TOTAL PRIMARY GOVERNMENT	\$ 16,810,293	\$ 9,209,674	\$ 144,908	\$ 50,000	\$ (5,910,735)	\$ (1,494,976)	\$ (7,405,711)
General Revenue:							
Property taxes					\$ 6,368,569	\$	\$ 6,368,569
Vehicle registrations and fees					598,709		598,709
Grants and contributions not restricted to specific programs							-0-
Investment earnings					179,354	60,570	239,924
Miscellaneous					203,550	263,946	467,496
Gain on sale of capital asset					1,500		1,500
Transfers					(957,300)	957,300	-0-
Total general revenues and transfers					\$ 6,394,382	\$ 1,281,816	\$ 7,676,198
Change in net assets					\$ 483,647	\$ (213,160)	\$ 270,487
Net assets – beginning					8,029,353	4,499,487	12,528,840
Increase (Decrease) in Net Assets					(7,500)		(7,500)
Net assets – ending					\$ 8,505,500	\$ 4,286,327	\$ 12,791,827

The accompanying notes are an integral part of this statement.
(12)

LAMB COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 4,442,430	\$ 99,834	\$ 4,542,264
Investments	269,212	21,493	290,705
Accounts Receivable	83,492	79	83,571
Delinquent Taxes Receivable	276,425		276,425
Allowance for Uncollectible Taxes	(27,643)		(27,643)
Due From Other Funds	7,816		7,816
Total Assets	\$ 5,051,732	\$ 121,406	\$ 5,173,138
<u>LIABILITIES</u>			
Accounts Payable	\$ 118,054	\$	\$ 118,054
Other Current Liabilities	1,751		1,751
Due to Other Funds	1,658,026		1,658,026
Deferred Revenue	248,782		248,782
Total Liabilities	\$ 2,026,613	\$ -0-	\$ 2,026,613
<u>FUND BALANCE</u>			
Reserved Fund Balance:			
Other Reserves	\$ 5,012	\$	\$ 5,012
Unreserved Fund Balance	3,020,107	121,406	3,141,513
Total Fund Balances	\$ 3,025,119	\$ 121,406	\$ 3,146,525
Total Liabilities and Fund Balance	\$ 5,051,732	\$ 121,406	\$ 5,173,138

*Includes
preprints-*

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

LAMB COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Total fund balances - governmental fund balance sheet	\$ 3,146,525
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,314,598
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	106,712
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(62,335)

Total net assets of governmental activities - statement of net assets	\$ 8,505,500 =====

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----
REVENUES			
Taxes	\$ 6,388,035	\$ 5,142	\$ 6,393,177
Charges for Services	429,304		429,304
Fines and Fees	169,154		169,154
Vehicle Registration and Fees	598,709		598,709
Lateral Road	21,719		21,719
Grants	143,128		143,128
Interest on Investments	174,050	5,304	179,354
Miscellaneous	203,550		203,550
	-----	-----	-----
Total Revenues	\$ 8,127,649	\$ 10,446	\$ 8,138,095
	-----	-----	-----
EXPENDITURES			
Current Operating:			
District Judge	\$ 92,521	\$	\$ 92,521
District Clerk	130,726		130,726
County Judge	858,737		858,737
County Clerk	235,259		235,259
Tax Office	191,765		191,765
County Treasurer	75,345		75,345
County Attorney	131,854		131,854
Justice of Peace - Precinct #1-4	227,307		227,307
County Veterans and Welfare	50,688		50,688
Adult Probation	1,027		1,027
Juvenile Probation	288,948		288,948
County Extension Office	77,853		77,853
County Sheriff	1,967,588		1,967,588
County Library	174,151		174,151
County Auditor	50,187		50,187
Road and Bridge - Precinct #1-4	1,462,195		1,462,195
Jury	5,207		5,207
JP Technology Fund	3,628		3,628
Courthouse Security Fund	1,065		1,065
JP Court Security Fund			-0-
Grants Fund	1,346		1,346
VCLG Grant Fund	25,452		25,452
Commissioners Court RPF			-0-
County Clerk RPF	18,443		18,443
District Clerk RPF	279		279
Pre-Trial Diversion Fund	396		396
DWI Video Fund	62		62
Capital Projects Fund		55,425	55,425
Capital Outlays	559,181	65,000	624,181
Debt Service:			
Principal	15,032		15,032
Interest	2,141		2,141
	-----	-----	-----
Total Expenditures	\$ 6,648,383	\$ 120,425	\$ 6,768,808
	-----	-----	-----

The accompanying notes are an integral part of this statement.
(15)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,479,266	\$ (109,979)	\$ 1,369,287
OTHER FINANCING SOURCES (USES)			
Proceeds From Sale of Capital Assets	\$ 1,500	\$	\$ 1,500
Proceeds From Capital Lease	77,367		77,367
Operating Transfers In	9,696,205		9,696,205
Operating Transfers Out	(10,653,505)		(10,653,505)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (878,433)	\$ -0-	\$ (878,433)
	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 600,833	\$ (109,979)	\$ 490,854
Fund Balances - Beginning	2,431,786	231,385	2,663,171
Increase (Decrease) in Fund Balance	(7,500)		(7,500)
	-----	-----	-----
Fund Balances - Ending	\$ 3,025,119	\$ 121,406	\$ 3,146,525
	=====	=====	=====

*Indicate
Percent*

LAMB COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Net change in fund balances - total governmental funds.	\$ 490,854
Capital outlays are not reported as expenses in the SOA.	654,535
The net effect of capital assets decreases is to decrease net assets.	(30,354)
Capital asset depreciation used in governmental activities is not reported in the funds.	(544,445)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	(24,608)
Proceeds from capital lease are not reported as revenue in the SOA	(77,367)
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.	15,032

Change in net assets of governmental activities.	\$ 483,647
	=====

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

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2008

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,385
Patients Accounts Receivable, Net of Allowances	1,823,576
Estimated Third-Party Payer Settlements	210,493
Other Receivable - Lamb County	1,655,210
Inventory of Supplies	284,869
Prepaid Expenses and Other Current Assets	61,271

Total Current Assets	\$ 4,036,804
----------------------	--------------

CAPITAL ASSETS

Net of Accumulated Depreciation	1,337,047
---------------------------------	-----------

Total Assets	\$ 5,373,851
--------------	--------------

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES

Overdraft Payable	\$ -0-
Accounts Payable	477,487
Accrued Payroll, Benefits and Payroll Liabilities	361,937
Estimated Third-Party Payer Settlements	
Other Current Liabilities	248,100

Total Current Liabilities	\$ 1,087,524
---------------------------	--------------

NONCURRENT LIABILITIES

Total Liabilities	\$ 1,087,524
-------------------	--------------

NET ASSETS

Invested in Capital Assets Net of Related Debt	1,307,122
Unrestricted	2,979,205

Total Net Assets	\$ 4,286,327
------------------	--------------

The accompanying notes are an integral part of this statement.
(18)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUND
SEPTEMBER 30, 2008

OPERATING REVENUES

Net Patient Service Revenue (Net of Provision for Bad Debts of \$1,865,676)	\$ 8,589,497
Other Operating Revenue	193,505

Total Operating Revenues	\$ 8,783,002

OPERATING EXPENSES

Salaries and Wages	\$ 4,269,877
Employee Benefits	658,252
Professional Fees and Purchased Services	2,537,554
Supplies and Other	2,602,033
Depreciation	284,713

Total Operating Expenses	\$ 10,352,429

Operating Income (Loss)	\$ (1,569,427)
-------------------------	----------------

NON-OPERATING REVENUES (EXPENSES)

Tobacco Settlement Revenue	70,441
Non-Capital Grants and Contributions	1,780
Interest Income	60,570
Interest Expense	(1,842)

Total Non-operating Revenues (Expenses)	\$ 130,949

Income (Loss) Before Capital Grants, Contributions and County Subsidies	\$ (1,438,478)
Capital Grants and Contributions	50,000
County Subsidies	1,175,318

Increase (Decrease) in Net Assets	\$ (213,160)
-----------------------------------	--------------

Net Assets - Beginning	4,499,487

Net Assets - Ending	\$ 4,286,327
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 8,551,671
Payments to Suppliers and Contractors	(5,230,686)
Payments to Employees	(4,942,481)
Other Receipts and Payments, Net	193,505

Net Cash Provided(Used) by Operating Activities	\$ (1,427,991)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Overdrafts Payable	\$ (1,279)
Cash Invested in Funds Held by Lamb County	323,976
Proceeds From County Subsidies	1,175,318
Non-Capital Grants and Contributions	1,780
Proceeds From Tobacco Settlement	70,441

Net Cash Provided(Used) by Non-Capital Financing Activities	\$ 1,570,236

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (250,213)
Interest Paid	(1,842)
Principal Paid on Long-term Debt	
Proceeds From Capital Grants and Contributions	50,000

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (202,055)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	\$ 60,570

Net Cash Provided(Used) by Investing Activities	\$ 60,570

Net Increase(Decrease) in Cash and Cash Equivalents	\$ 760

Cash and Cash Equivalents at the Beginning of Year	625

Cash and Cash Equivalents at the End of Year	\$ 1,385
	=====

The accompanying notes are an integral part of this statement.
(20)

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2008

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH

USED BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (1,569,427)
Adjustments to Reconcile Operating Income(Loss) to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	284,713
Provision for Bad Debt	1,865,676
(Increase)Decrease in:	
Accounts Receivable	(1,904,468)
Estimated Third-Party Payer Settlement	20,478
Inventory of Supplies	(3,167)
Prepaid Expenses	32,802
Increase(Decrease) in:	
Accounts Payable	(120,734)
Accrued Payroll, Benefits and Payroll Liabilities	(14,352)
Estimated Third-Party Payer Settlements	-0-
Other Liabilities	(19,512)

Net Cash Provided(Used) by Operating Activities	\$ (1,427,991)

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

LAMB COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
SEPTEMBER 30, 2008

	Agency Funds -----
ASSETS:	
Cash and Cash Equivalents	\$ 194,565 -----
Total Assets	\$ 194,565 -----
LIABILITIES:	
Current Liabilities:	
Due to Other Groups	\$ 22,288
Due to Trust Beneficiaries	172,277 -----
Total Liabilities	\$ 194,565 -----
NET ASSETS	
Total Net Assets	\$ -0- =====

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the services provided by the County to residents and businesses within its boundaries. In evaluating the County's reporting entity in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, management has included all organizations that make up the County's legal entity and all component units. Consistent with applicable guidance, the criteria used by the County to include component units within its reporting entity are financial accountability and 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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The County's funds are grouped into two broad fund categories and four generic fund types for financial statement presentation purposes. Governmental funds include the general, debt service and capital projects funds. Proprietary funds include only an enterprise fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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

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

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

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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.

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

The Major Governmental Fund is:

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

The Major Proprietary Fund is:

Lamb Healthcare Center This is an enterprise fund of Lamb County. It was established for the purpose of maintaining a system to provide hospital and medical care to the residents of Lamb County.

In addition, the County reports the following fund type:

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

The County's agency funds consist of amounts collected by the individual County offices for pre-trial attorney fees, bail bond payments, cafeteria plan funds and trust beneficiaries.

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

D. 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.

E. RECEIVABLE AND PAYABLE BALANCES

The County believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

F. INTERFUND ACTIVITY

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

G. 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.

H. CAPITAL ASSETS

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

H. CAPITAL ASSETS (continued)

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

Asset Class -----	Estimated Useful Lives -----
Infrastructure	15-30
Buildings	50
Building Improvements	20-30
Machinery & Equipment	10-15
Vehicles	8
Office Equipment	10-20
Computer Equipment	5

I. ENCUMBRANCES

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

J. 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.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

K. 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: 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 07-08 fiscal year.

NOTE 3. 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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 4: DEPOSITS AND INVESTMENTS

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

Cash Deposits:

At September 30, 2008, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash) was \$4,543,648 and the bank balance was \$4,896,262. The County's cash deposits with financial institutions at September 30, 2008 and during the year ended September 30, 2008, 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 \$9,847,093.
- c. Largest cash, savings and time deposits combined account balance amounted to \$9,161,832 and occurred during the month of February 2008.
- 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 then to ICT-Government Securities Portfolio Fund and then to Cash Account Trust - Government Cash Institutional Shares 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, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Current investments of \$290,705 are invested in TexPool (a non SEC-registered investment pool) and the Cash Account Trust-Government Cash Institutional Shares Portfolio Fund (an SEC-registered investment company). TexPool and the Cash Account Trust-Government Cash Institutional Shares Portfolio Fund are each rated AAAM by Standard & Poor's. TexPool is the largest and oldest government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. The carrying amount of \$290,705 and the fair value are the same.

The cash deposits and investments held at financial institutions and with investment service entities 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			Total
	1	2	3	
Cash in Bank	\$4,543,648	\$	\$	\$4,543,648
TexPool Accounts			109,455	109,455
Cash Account Trust-Government Cash Institutional Shares			181,250	181,250
Total	\$4,543,648	\$ -0-	\$ 290,705	\$4,834,353
	=====	=====	=====	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks:

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

At year end, the County was exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

e. Foreign Currency Risk

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

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.

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.

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 5: 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 6: DELINQUENT TAXES RECEIVABLE

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

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 32,970	\$	\$	\$ 32,970
Construction in progress				
Total capital assets not being depreciated	\$ 32,970	\$ -0-	\$ -0-	\$ 32,970
Capital assets being depreciated:				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	9,223,824	56,727		9,280,551
Machinery and equipment	2,372,253	142,546	(117,500)	2,397,299
Vehicles	1,529,487	228,277	(21,290)	1,736,474
Office equipment	810,882	149,618		960,500
Capital leases		77,367		77,367
Total capital assets being depreciated	\$ 13,936,446	\$ 654,535	\$ (138,790)	\$ 14,452,191
Less accumulated depreciation for:				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	(6,011,012)	(112,364)		(6,123,376)
Machinery and Equipment	(1,383,855)	(213,708)	87,146	(1,510,417)
Vehicles	(830,798)	(152,969)	21,290	(962,477)
Office equipment	(508,889)	(61,536)		(570,425)
Capital leases		(3,868)		(3,868)
Total accumulated depreciation	\$ (8,734,554)	\$ (544,445)	\$ 108,436	\$ (9,170,563)

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 7: CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Ending Decreases	Balances
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 5,201,892	\$ 110,090	\$ (30,354)	\$ 5,281,628
	-----	-----	-----	-----
Governmental activities capital assets, net	\$ 5,234,862	\$ 110,090	\$ (30,354)	\$ 5,314,598
	=====	=====	=====	=====

Depreciation, including capital lease amortization expense, was charged to functions as follows:

General government	\$ 164,026
Public safety	131,951
Highways and streets	248,468

	\$ 544,445
	=====

NOTE 8: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	Revenue Description	Fund	Deferred Amount
	-----	-----	-----
Net Tax Revenue	General	\$	248,782
		-----	-----
Total Deferred Revenue		\$	248,782
		=====	=====

NOTE 9: OPERATING/CAPITAL LEASES

In FYE 2007, the County entered into an operating lease agreement on a Challenger tractor for Precinct 4. Commitments under the operating (noncapitalized) lease agreement provide for future minimum rental payments as of September 30, 2008, as follows:

Year Ending	

2009	\$ 13,501
2010	13,501
2011	13,501

Total Minimum Rental Payments	\$ 40,503
	=====
Rental Expenditures in FYE 2008	\$ 13,501
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 9: OPERATING/CAPITAL LEASES (continued)

During the current year, the County entered into a capital lease agreement on a Caterpillar Model 140H Motor Grader for Precinct #4. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. With an annual interest rate of 5.37%, the amount of interest paid in the current year was \$2,141. Commitments under the capitalized lease agreement provide for future minimum lease payments as of September 30, 2008, as follows:

Year Ending	

2009	\$ 17,173
2010	17,173
2011	17,173
2012	17,173

Total Minimum Lease Payments	\$ 68,692
Less Amount Representing Interest	(6,357)

Present Value - Minimum Lease Payments	\$ 62,335
	=====

NOTE 10: LONG-TERM DEBT

During 2007, the 5.260% variable rate note payable in the General Fund was an equipment purchase loan from Security State Bank for \$34,639 to Precinct #4. This note was paid off in June 2008 and the interest paid in the current year was \$1,896.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 10: LONG-TERM DEBT (continued)

Changes in Long-Term Liabilities:

	Balance 10-01-07	Increase	Decrease	Balance 09-30-08	Amounts Due Within One Year
Note Payable	\$ 34,639	\$ -0-	\$ 34,639	\$ -0-	\$ -0-
Capital Leases	-0-	77,367	15,032	62,335	14,355
Total Long-Term Liabilities	\$ 34,639	\$ 77,367	\$ 49,671	\$ 62,335	\$ 14,355
	=====	=====	=====	=====	=====

NOTE 11: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2008 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 1,655,210
General Fund	Agency Fund	5,000

		\$ 1,660,210
		=====

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

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2008 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 9,696,205
General Fund	Proprietary Fund-Hospital	10,653,505

		\$ 20,349,710
		=====

Purpose of interfund balances and transfers was for fund loans and operations.

NOTE 12: RESERVED FUND BALANCE

Reserved Fund Balance in the General Fund of \$5,012 is the amount set aside and reserved for Bail Bond fees.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 13: INCREASE IN FUND BALANCE/NET ASSETS

The increase in fund balance/net assets is due to a prior period adjustment as follows:

City of Littlefield Interlocal Agreement	\$ 7,500
--	----------

NOTE 14: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year end 2008, 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

NOTE 15: 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 16: SUBSEQUENT EVENTS

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

NOTE 17: 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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)

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

NOTE 18: PENSION BENEFIT PLAN

Plan Description. Lamb County provides retirement, death, disability, and withdrawal 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 574 cash balance-account type defined benefit pension plans.

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 the actuarial equivalent as prescribed by the TCDRS Act.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 18: PENSION BENEFIT PLAN (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 10.06% for the months of the accounting year in 2007, and 9.40% for the months of the accounting year in 2008. The contribution rate payable by the employee members for fiscal year 2008 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 Funding Information:

Actuarial Valuation Date	12-31-05	12-31-06	12-31-07
	-----	-----	-----
Actuarial Value of Assets	\$6,297,803	\$6,726,871	\$6,912,216
Actuarial Accrued Liability (AAL)	\$7,531,492	\$7,576,650	\$7,644,653
Unfunded or (Over-funded) Actuarial Accrued Liability (UAAL or OAAL)	\$1,233,689	\$ 849,779	\$ 732,437
Funded Ratio	83.62%	88.78%	90.42%
Annual Covered Payroll (Actuarial)	\$2,562,858	\$2,639,404	\$2,751,412
UAAL or (OAAL) as a Percentage of Covered Payroll	48.14%	32.20%	26.62%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 245,009	\$ 245,729	\$ 276,789
Contributions Made	\$ 245,009	\$ 245,729	\$ 276,789
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

The County is one of 574 member counties and districts having the benefit plan administered by TCDRS. Each of the member counties and districts has an annual, individual actuarial valuation performed. All assumptions for the 12-31-07 valuations are contained in the 2007 TCDRS Comprehensive Annual Financial Report, a copy of which may be obtained from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2008

NOTE 19: HEALTH CARE COVERAGE

During the year ended September 30, 2008, all full time employees were covered by a healthcare insurance plan. The County pays the total cost of premiums for the employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. This healthcare plan 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

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - On August 1, 1991, the County purchased all of the assets and assumed all the liabilities of the Lamb County Hospital Authority. The new entity is Lamb County Hospital d/b/a Lamb Healthcare Center. 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, and transfers from the County as subsidies. The Hospital is responsible for the indigent healthcare of the County.

Enterprise Fund Accounting - Lamb Healthcare Center uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

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

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Capital Assets - Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value on the date of donation. The Hospital provides for depreciation of capital assets 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. Equipment under capital lease obligations is amortized on the straight line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital's capitalization policy states that capital assets with a value greater than \$500 and a useful life described in the table below will be capitalized.

The following are a range of useful lives used by asset class:

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets - Net assets of the Hospital are classified in four components. Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. Restricted nonexpendable net assets equal the principal portion of permanent endowments. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted.

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

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

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, charity care is excluded from net patient revenue.

County Subsidy - County subsidies are interfund transactions that are reported after nonoperating revenues and expenses.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Risk Management - The Hospital is exposed to various risks of loss from torts: theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disaster; and employee health, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 2: NET PATIENT SERVICE REVENUE

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

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is a Sole Community Hospital, which entitles it to a higher payment per inpatient Medicare discharge. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement method.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2: NET PATIENT SERVICE REVENUE (continued)

The Hospital is reimbursed for allowable costs at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

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

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

Net Patient Revenue is comprised as follows:

Routine Patient Services	\$ 1,150,005
Ancillary Patient Services	
Inpatient	4,195,791
Outpatient	9,113,228

Gross Patient Service Revenue	\$ 14,459,024
Charity	(186,289)
Third-Party Contractual Adjustments	(4,228,354)
Provision for Bad Debts	(1,865,676)
Medicaid Disproportionate Share	410,792

Net Patient Service Revenue	\$ 8,589,497
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2: NET PATIENT SERVICE REVENUE (continued)

Estimated Third-Party Payer Settlements - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statements as they are determined by the Hospital. Net patient service revenue increased \$65,544 due to prior-year retroactive adjustments in excess of amounts previously estimated. Estimated third-party payer settlements recorded in current assets (liabilities) at September 30, 2008 are \$210,493.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2008, the carrying amount of the Hospital's deposits with financial institutions was \$759 and the bank balance was \$64,044. The bank balance is protected by Federal Deposit Insurance Corporation coverage and by the County's specific securities pledged to secure the deposits. All cash is deposited through the County Commissioners Office. The County Commissioners meet twice a month, the second and last Monday of the month to approve all cash disbursements.

NOTE 4: 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 hospital and county hospitals to generate additional federal matching funds. Hospitals participating in the Medicaid program that meet the conditions of participation and that serve a disproportionate share of low-income patients as defined by state law are eligible for additional reimbursement from the disproportionate share hospital fund. There are direct and implied expectations regarding the purpose of this funding.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 4: MEDICAID DISPROPORTIONATE SHARE FUNDS (continued)

The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured poor, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal laws offer considerable flexibility to recipient hospitals regarding specific use of the funds. During 2008 the Hospital received \$410,792 in Medicaid disproportionate share funds.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30:

Patient Accounts Receivable	\$ 4,772,937
Less: Allowance for Bad Debts	(2,145,708)
Allowance for Contractuals	(803,653)

Patient Accounts Receivable, Net of Allowance	\$ 1,823,576
	=====

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

Medicare	29%
Medicaid	14%
Other Third-Party Payers	25%
Patients	32%

Total	100%
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: CAPITAL ASSETS

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

	Balance 9/30/07	Additions	Retirements	Balance 9/30/08
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	2,929			2,929
Fixed Equipment	955,983			955,983
Major Moveable Equipment	2,546,570	89,903	(27,575)	2,608,898
Construction in Progress	12,680	182,120		194,800
	-----	-----	-----	-----
Totals at historical cost	\$ 3,579,984	\$ 272,023	\$ (27,575)	\$ 3,824,432
	-----	-----	-----	-----
Less Accumulated Depreciation for:				
Land Improvements	(1,098)	(293)		(1,391)
Fixed Equipment	(562,706)	(67,052)		(629,758)
Major Moveable Equipment	(1,644,633)	(217,368)	5,765	(1,856,236)
	-----	-----	-----	-----
Total Accumulated Depreciation	\$ (2,208,438)	\$ (284,713)	\$ 5,765	\$ (2,487,385)
	-----	-----	-----	-----
Capital Assets, Net	\$ 1,371,547	\$ (12,690)	\$ (21,810)	\$ 1,337,047
	=====	=====	=====	=====

Depreciation expense for the year ended September 30, 2008 is \$284,713.

NOTE 7: RELATED PARTIES

County-The Hospital receives funds from the County for indigent patient care, capital improvements, repairs, and other operating costs. These funds are partially provided through the County's general tax revenues. During 2008 the Hospital reported \$1,175,318 from the County for operations.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 7: RELATED PARTIES (continued)

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 the administrator. During 2008 the Hospital recorded management fees to Covenant in the amount of \$17,133.

REQUIRED SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2008

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 6,066,701	\$ 6,066,701	\$ 6,388,035	\$ 321,334
Charges For Services	330,000	363,950	429,304	65,354
Fines and Fees	182,000	182,000	169,154	(12,846)
Vehicle Registration & Fees	579,000	579,000	598,709	19,709
Lateral Road	36,000	36,000	21,719	(14,281)
Grants	105,755	131,210	143,128	11,918
Interest on Investments	160,000	160,000	174,050	14,050
Miscellaneous	155,350	155,350	203,550	48,200
Total Revenues	\$ 7,614,806	\$ 7,674,211	\$ 8,127,649	\$ 453,438
Expenditures				
District Judge	\$ 163,650	\$ 163,650	\$ 92,521	\$ 71,129
District Clerk	134,545	134,545	130,726	3,819
County Judge	916,582	870,811	858,737	12,074
County Clerk	242,834	242,834	235,259	7,575
Tax Office	219,878	219,878	191,765	28,113
County Treasurer	100,559	101,584	75,345	26,239
County Attorney	163,901	163,901	131,854	32,047
Justice of Peace				
Precinct #1-4	263,219	263,219	227,307	35,912
County Veterans & Welfare	64,530	64,530	50,688	13,842
Adult Probation	950	950	1,027	(77)
Juvenile Probation	314,198	314,198	288,948	25,250
County Extension Office	97,861	97,861	77,853	20,008
County Sheriff	2,107,332	2,102,086	1,967,588	134,498
County Library	179,053	179,053	174,151	4,902
County Auditor	-0-	55,277	50,187	5,090
Road & Bridge Precinct #1-4	1,659,023	1,732,273	1,462,195	270,078
Jury	30,000	30,000	5,207	24,793
JP Technology Fund	-0-	3,630	3,628	2
Courthouse Security Fund	-0-	1,300	1,065	235
JP Court Security Fund	-0-	-0-	-0-	-0-
Grants Fund	-0-	-0-	1,346	(1,346)
VCLG Grant Fund	-0-	25,455	25,452	3
Commissioners Court RPF	-0-	-0-	-0-	-0-
County Clerk RPF	-0-	18,900	18,443	457
District Clerk RPF	-0-	500	279	221
Pre-Trial Diversion Fund	-0-	2,010	396	1,614
DWI Video Fund	-0-	100	62	38
Capital Outlays	658,000	649,325	559,181	90,144
Principal	-0-	-0-	15,032	(15,032)
Interest	-0-	-0-	2,141	(2,141)
Total Expenditures	\$ 7,316,115	\$ 7,437,870	\$ 6,648,383	\$ 789,487

The accompanying notes are an integral part of this statement.
(52)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ 298,691	\$ 236,341	\$ 1,479,266	\$ 1,242,925
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	\$ -0-	\$ -0-	\$ 1,500	\$ 1,500
Proceeds From Capital Lease	-0-	-0-	77,367	77,367
Operating Transfers In	10,080,000	10,080,000	9,696,205	(383,795)
Operating Transfers Out	(10,980,000)	(10,980,000)	(10,653,505)	326,495
Total Other Financing Sources (Uses)	\$ (900,000)	\$ (900,000)	\$ (878,433)	\$ 21,567
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (601,309)	\$ (663,659)	\$ 600,833	\$ 1,264,492
Fund Balance at Beginning of Year	2,431,786	2,431,786	2,431,786	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	(7,500)	(7,500)
Fund Balance at End of Year	\$ 1,830,477	\$ 1,768,127	\$ 3,025,119	\$ 1,256,992

The accompanying notes are an integral part of this statement.
(53)

COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2008

	General	Road and Bridge	Total
	-----	-----	-----
Assets			

Cash in Bank	\$ 3,886,203	\$ 556,227	\$ 4,442,430
Investments	63,581	205,631	269,212
Accounts Receivable	79,909	3,583	83,492
Delinquent Tax Receivable	276,425		276,425
Allowance for Uncollectible Tax	(27,643)		(27,643)
Due From Other Funds	7,370	446	7,816
	-----	-----	-----
Total Assets	\$ 4,285,845	\$ 765,887	\$ 5,051,732
	=====	=====	=====
Liabilities and Fund Balance			

Accounts Payable	\$ 102,402	\$ 15,652	\$ 118,054
Other Current Liabilities	1,751		1,751
Due to Other Funds	1,655,659	2,367	1,658,026
Deferred Revenue	248,782		248,782
	-----	-----	-----
Total Liabilities	\$ 2,008,594	\$ 18,019	\$ 2,026,613
	-----	-----	-----
Fund Balance - Reserved	\$ 5,012	\$	\$ 5,012
Fund Balance - Unreserved	2,272,239	747,868	3,020,107
	-----	-----	-----
Total Fund Balance	\$ 2,277,251	\$ 747,868	\$ 3,025,119
	-----	-----	-----
Total Liabilities & Fund Balance	\$ 4,285,845	\$ 765,887	\$ 5,051,732
	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2008

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

Taxes	\$ 5,419,746	\$ 968,289	\$ 6,388,035
Charges for Services	429,304		429,304
Fines & Fees	169,154		169,154
Vehicle Registration & Fees	65,428	533,281	598,709
Lateral Road		21,719	21,719
Grants	143,128		143,128
Interest on Investment	147,969	26,081	174,050
Miscellaneous	157,860	45,690	203,550
	-----	-----	-----
Total Revenues	\$ 6,532,589	\$ 1,595,060	\$ 8,127,649
	-----	-----	-----
Expenditures			

District Judge	\$ 92,521	\$	\$ 92,521
District Clerk	130,726		130,726
County Judge	858,737		858,737
County Clerk	235,259		235,259
Tax Office	191,765		191,765
County Treasurer	75,345		75,345
County Attorney	131,854		131,854
Justice of Peace			
Precinct No. 1-4	227,307		227,307
County Veterans & Welfare	50,688		50,688
Adult Probation	1,027		1,027
Juvenile Probation	288,948		288,948
County Extension Office	77,853		77,853
County Sheriff	1,967,588		1,967,588
County Library	174,151		174,151
County Auditor	50,187		50,187
Road and Bridge			
Precinct No. 1-4		1,462,195	1,462,195
Jury	5,207		5,207
JP Technology Fund	3,628		3,628
Courthouse Security Fund	1,065		1,065
JP Court Security Fund			-0-
Grants Fund	1,346		1,346
VCLG Grant Fund	25,452		25,452

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2008

	General	Road and Bridge	Total
	-----	-----	-----
Commissioners Court RPF			-0-
County Clerk RPF	18,443		18,443
District Clerk RPF	279		279
Pre-Trial Diversion Fund	396		396
DWI Video Fund	62		62
Capital Outlays	342,892	216,289	559,181
Principal		15,032	15,032
Interest		2,141	2,141
	-----	-----	-----
Total Expenditures	\$ 4,952,726	\$ 1,695,657	\$ 6,648,383
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,579,863	\$ (100,597)	\$ 1,479,266
	-----	-----	-----
Other Financing Sources (Uses)			
Proceeds From Sale of Capital Assets	\$	\$ 1,500	\$ 1,500
Proceeds From Capital Lease		77,367	77,367
Operating Transfers In	9,696,205		9,696,205
Operating Transfers Out	(10,653,505)		(10,653,505)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (957,300)	\$ 78,867	\$ (878,433)
	-----	-----	-----
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 622,563	\$ (21,730)	\$ 600,833
	-----	-----	-----
Fund Balance at Beginning of Year	1,662,188	769,598	2,431,786
	-----	-----	-----
Increase (Decrease) in Fund Balance	(7,500)	-0-	(7,500)
	-----	-----	-----
Fund Balance at End of Year	\$ 2,277,251	\$ 747,868	\$ 3,025,119
	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2008

	Precinct One	Precinct Two	Precinct Three	Precinct Four	Total
-----	-----	-----	-----	-----	-----
ASSETS					

Cash	\$122,941	\$110,354	\$224,977	\$ 97,955	\$556,227
Investment - CD's (Note 1)	104,280	833	25,323	75,195	205,631
Accounts Receivable	896	896	896	895	3,583
Due From Other				446	446
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$228,117	\$112,083	\$251,196	\$174,491	\$765,887
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					

Accounts Payable	\$ 1,297	\$ 6,558	\$ 1,685	\$ 6,112	\$ 15,652
Due to Other	2,367				2,367
	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 3,664	\$ 6,558	\$ 1,685	\$ 6,112	\$ 18,019

Fund Balance (Deficit)	224,453	105,525	249,511	168,379	747,868
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$228,117	\$112,083	\$251,196	\$174,491	\$765,887
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2008

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 242,072	\$ 242,072	\$ 242,073	\$ 242,072	\$ 968,289	\$ 905,684	\$ 62,605
Car Tags	133,320	133,320	133,320	133,321	533,281	540,000	(6,719)
TOTAL TAX COLLECTOR	\$ 375,392	\$ 375,392	\$ 375,393	\$ 375,393	\$ 1,501,570	\$ 1,445,684	\$ 55,886
OTHER REVENUE:							
Machine Hire	\$	\$	\$	\$	\$ -0-	\$ -0-	\$ -0-
Lateral Road	5,430	5,430	5,430	5,429	21,719	36,000	(14,281)
Interest	7,971	4,240	9,116	4,754	26,081	35,000	(8,919)
Miscellaneous	11,887	12,327	11,457	11,519	47,190	6,500	40,690
TOTAL OTHER REVENUE	\$ 25,288	\$ 21,997	\$ 26,003	\$ 21,702	\$ 94,990	\$ 77,500	\$ 17,490
TOTAL REVENUE	\$ 400,680	\$ 397,389	\$ 401,396	\$ 397,095	\$ 1,596,560	\$ 1,523,184	\$ 73,376

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2008

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES:							
Salaries:							
Commissioners	\$ 41,131	\$ 41,131	\$ 41,131	\$ 41,131	\$ 164,524	\$ 164,524	\$ -0-
Employees	133,151	103,902	135,929	107,119	480,101	534,207	54,106
Part-Time	11,284	350		642	12,276	18,842	6,566
Telephone	638	1,709	2,285	1,104	5,736	6,580	844
Postage					-0-	-0-	-0-
Stationary & Supplies					-0-	-0-	-0-
Furniture & Equipment					-0-	-0-	-0-
Travel	1,718	1,147			2,865	5,697	2,832
Education	100	275			375	1,375	1,000
Automobile Allowance			6,000		6,000	6,000	-0-
Group Insurance	28,097	21,909	26,636	20,969	97,611	114,180	16,569
Retirement	16,648	13,496	16,388	13,126	59,658	67,452	7,794
Social Security	13,994	10,900	13,210	10,217	48,321	54,892	6,571
Bonds					-0-	-0-	-0-
Machine Hire					-0-	2,828	2,828
Parts & Repairs	36,467	39,127	49,373	32,306	157,273	197,570	40,297
Fuel & Oil	73,672	64,400	70,043	89,138	297,253	321,200	23,947
Material & Supply	8,559	1,828	47,105	166	57,658	96,172	38,514
Utilities	5,944	1,573	1,414	1,923	10,854	12,500	1,646
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Car Tags	299	298	298	298	1,193	1,550	357
Capital Outlay	53,803	34,250	23,300	47,762	159,115	276,750	117,635
Unemployment Insurance					-0-	-0-	-0-
Workmen's Comp.	4,844	4,844	4,845	4,844	19,377	40,204	20,827
Auto & Liability Insurance	3,759	3,504	3,392	4,245	14,900	20,900	6,000
Highway Maintenance		9,525	9,880		19,405	60,200	40,795
Contract Services	795				795	2,400	1,605
TOTAL EXPENDITURES	<u>\$ 435,653</u>	<u>\$ 354,918</u>	<u>\$ 451,979</u>	<u>\$ 375,740</u>	<u>\$ 1,618,290</u>	<u>\$ 2,009,023</u>	<u>\$ 390,733</u>

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2008

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2007	\$259,426	\$ 63,054	\$300,094	\$147,024	\$ 769,598
ADD: Revenue	400,680	397,389	401,396	397,095	1,596,560
DEDUCT: Expenditures	(435,653)	(354,918)	(451,979)	(375,740)	(1,618,290)
FUND BALANCE (DEFICIT) September 30, 2008	\$224,453 =====	\$105,525 =====	\$249,511 =====	\$168,379 =====	\$ 747,868 =====

SUPPLEMENTAL INFORMATION

LAMB COUNTY, TEXAS
 SCHEDULE OF INVESTMENTS-ALL FUNDS
 SEPTEMBER 30, 2008

	Group	Book Value
	-----	-----
Certificate of Deposit		

Texpool:		

General Fund	14002	\$ 39,450
Precinct One	14002	61,124
Lamb County Hospital	14002	8,881
Cash Account Trust - Government Cash		
Institutional Shares Portfolio Fund:		

General Fund		1,494
Precinct One		43,156
Precinct Two		833
Precinct Three		25,323
Precinct Four		75,195
Lamb County Hospital		449
Jury Fund		13,307
Debt Service Fund		21,493

Total		\$ 290,705
		=====

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<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
1968 Mack Truck (10-94)	5,650			5,650
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
Tandem Axle Unit (9-96)	900			900
12' Utility Trailer (10-97)	900			900
938 G Caterpillar (9-98)	85,000			85,000
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
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 Mtr Grader #22K05091	117,500		117,500	-0-
2000 Chev P/U Model K2500	22,093			22,093
2001 JD 770CH Motor Grader - #579203 (945)	87,500			87,500
Tandem Disc (968)	900			900
(4) Two-Way Radios (1001)	1,904			1,904
Grid Roller Hitch	2,093			2,093
1996 Mack Truck - #57132	13,000			13,000
1996 Mack Truck - #57136	13,000			13,000
1997 Mack Truck - #65596	15,000			15,000
Caterpillar Escavator - #9RL00289 (960)	64,942			64,942

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<u>Precinct # 1 (continued)</u>				
Jeep Truck Wrecker	5,100			5,100
2003 JD 770CH Grader	92,329			92,329
2003 Big Tex Trailer	11,000			11,000
140 H Mtr Grader #17638	112,186			112,186
2003 Chevy Crew Cab P/U #70359	12,600			12,600
2003 Chevy K1500 P/U #70584	11,500			11,500
JD 7800 MFWD Tractor #08183	27,234			27,234
Bush Hog Shredder #00635	11,900			11,900
Cat 140H Mtr Grader #03689		83,821		83,821
Total Equipment	\$ 979,779	\$ 83,821	\$ 117,500	\$ 946,100
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
Total Pct # 1	\$1,021,805	\$ 83,821	\$ 117,500	\$ 988,126

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<u>Precinct #2</u>				
2 - Culvert Trailers	\$ 1,000	\$	\$	\$ 1,000
1 - Shop Made Trailer	500			500
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	-0-
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
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
1989 Mack - #7057 (855)	24,000			24,000
Fuel Truck - #0799 (865)	2,740			2,740
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	-0-
2001 Motor Grader - # K06524 (958)	109,000			109,000
Hyster Grid Roller - #BEE - 2002 (1004)	13,250			13,250
Hyster Grid Roller	12,000			12,000
Caterpillar 140H Grader	115,083			115,083
1996 Mack Truck	20,000			20,000
2000 Chevy Ext Cab P/U #1224783	7,600			7,600
140 H Mtr Grader #17464	110,377			110,377
Crust Buster Shredder #00669	10,900			10,900
2001 MTR Grader Repairs K06524	17,435			17,435
JD 4250 MFD Tractor #05535	24,850			24,850
2002 Chevy P/U #16678	10,500			10,500
Bush Hog 2715 Shredder #00488		9,500		9,500
JD 4240 Tractor #26064		24,750		24,750
Total Equipment	\$ 816,271	\$ 34,250	\$ 33,575	\$ 816,946
Land	1,450			1,450
Barn	19,618			19,618
Total Pct # 2	\$ 837,339	\$ 34,250	\$ 33,575	\$ 838,014

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<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
Eversman Float	400			400
Pnematic Packer	500			500
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 Timpfe Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timpfe 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
Compressor - 7.5 HP/80 Gal	1,600			1,600
1994 Ford Pickup F150 (9-98)	4,500		4,500	-0-
140H Caterpillar (9-98)	85,000			85,000
544H JD Loader - #1267 (850)	97,500			97,500
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	-0-

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<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
140H CAT - #7096 (974)	117,000			117,000
Caterpillar 140H Grader	96,642			96,642
Road Groom Machine	13,264			13,264
2000 Chevy Z71 P/U #22590	5,000			5,000
Volvo G930 MTR Grader #70090	49,144			49,144
2002 Ford F-150 #96290		5,157		5,157
2004 Chevy #85450		5,700		5,700
AMCO LOF-2424 Harrow Disc		6,000		6,000
JD 4440 Tractor Repairs (868)		12,375		12,375
Total Equipment	\$ 634,862	\$ 29,232	\$ 7,650	\$ 656,444
Iron Clad Barn	10,000			10,000
Total Pct # 3	\$ 644,862	\$ 29,232	\$ 7,650	\$ 666,444

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2008

	Balance 9-30-07	Additions	Deletions	Balance 9-30-08
<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
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
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
1988 Cat Backhoe SN5PC06404	19,000			19,000
Ripper W/Pushblock (864)	8,739			8,739
1989 Chev P/U - #0082 (577)	12,850		12,850	-0-
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
Bush-Hog Model 12615 (961)	8,900			8,900
Caterpillar Model 140H - #K05655 (942)	117,500			117,500
Caterpillar 140H Grader	107,441			107,441
1994 Mack Truck	12,500			12,500
Hyster Grid Roller	14,685			14,685
2000 Chevy ¾ Ton P/U #139972	7,600			7,600
140H Cat - CAT #2658	106,002			106,002
2000 Kenworth T800 #47177	29,547			29,547
2006 GMC K1500 P/U #15186	21,555			21,555
2008 Chevy K1500 #48457		21,973		21,973
Cat 140H Mtr Grader #03686		77,367		77,367
Total Equipment	\$ 795,892	\$ 99,340	\$ 12,850	\$ 882,382
Land	2,000			2,000
Barn	10,000			10,000
Total Pct #4	\$ 807,892	\$ 99,340	\$ 12,850	\$ 894,382

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, 2008

	Total	Motor Vehicle Tax	Vehicle Registration	Title Applications
	-----	-----	-----	-----
Receipts:				
Taxes and Fees Collected	\$ 2,494,673	\$ 1,540,047	\$ 911,468	\$ 43,158
	=====	=====	=====	=====
Disbursements:				
CountyTreasurer-Taxes & Tags	\$ 533,281	\$	\$ 533,281	\$
County Treasurer-Fees	45,993		26,946	19,047
State Treasurer	1,467,897	1,467,897		
VIT Escrow Account	72,150	72,150		
Texas Highway Department	370,582		346,471	24,111
Texas Agricultural Finance Authority	4,770		4,770	
	-----	-----	-----	-----
Total Disbursements	\$ 2,494,673	\$ 1,540,047	\$ 911,468	\$ 43,158
	=====	=====	=====	=====

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, 2008

Receipts:	
Taxes Collected	\$1,540,047 =====

Disbursements:	
State Treasurer-Taxes	\$1,467,897
VIT Escrow Account	72,150 -----
	\$1,540,047 =====

<u>Reconciliation of Escrow Account</u>	
Escrow Balance FYE 9-30-07	\$ 52,928
Reports 10-1-07 to 12-31-07	19,588 -----
	\$ 72,516
Disbursement to Tax Entities	72,516 -----
Balance	\$ -0-
Reports 1-1-08 to 9-30-08	52,562 -----
Escrow Balance FYE 9-30-08	\$ 52,562 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF WEEKLY REPORTS-VEHICLE REGISTRATION
For Year Ended September 30, 2008

Receipts:

Vehicle Registration	\$784,478	
County Road & Bridge Fund	122,220	
Young Farmer Endowment Program	4,770	

Total Receipts		\$911,468 =====

Disbursements:

County Treasurer Tags	* \$533,281	
County Treasurer Fees	* 26,946	
Texas Highway Department	346,471	
Texas Agricultural Finance Authority	4,770	

Total Disbursements		\$911,468 =====

Reconciliation With Treasurer

Receipts Per Treasurer FYE 9-30-08	\$559,596
Less: FYE 9-30-07 Receipts Received in FYE 9-30-08	-0-
Add: FYE 9-30-08 Receipts Received in FYE 9-30-09	631

Total County Tags and Fees FYE 9-30-08	\$560,227* =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF DAILY REPORTS-TITLE APPLICATIONS/TAX CERTIFICATES
For Year Ended September 30, 2008

Receipts:	
Title Applications	\$ 38,896
Tax Certificates	4,262

	\$ 43,158
	=====
Disbursements:	
County Treasurer Fees	\$ 19,047
Texas Highway Department Fees	24,111

	\$ 43,158
	=====
	<u>Reconciliation With Treasurer</u>
Receipts Per Treasurer FYE 9-30-08	\$ 18,717
Less: FYE 9-30-07 Receipts Received in FYE 9-30-08	-0-
Add: FYE 9-30-08 Receipts Received in FYE 9-30-09	330

Total County Fees FYE 9-30-08	\$ 19,047
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2007 ROLL
For The Year Ended September 30, 2008

Roll

Taxable Value	\$803,447,816
	=====
Tax Levy	\$ 6,381,786
Collections	

October 1, 2007 thru	
June 30, 2008	6,263,217

Balance June 30, 2008	\$ 118,569
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2008

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

Total Tax Per \$100 Valuation	\$.7943	100.00
	=====	=====
Distribution as Follows:		
Jury Fund	\$.0000	00.00
General Fund	.5279	66.46
General Road & Bridge	.1204	15.16
Hospital	.1460	18.38
	-----	-----
County Tax Rate	\$.7943	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2008

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-07	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-08
1999 & Prior Years			\$ 14,608	\$	\$ 925	\$ (2,829)	\$ 10,854
2000	.5879	885,400,600	6,394		1,242	(189)	4,963
2001	.5979	875,601,886	8,128		1,554	(426)	6,148
2002	.6141	854,763,998	9,789		1,809	(170)	7,810
2003	.6250	858,256,562	11,708		1,699	(213)	9,796
2004	.6687	866,796,982	16,880		4,326	(260)	12,294
2005	.7642	795,374,475	27,328		9,166	(244)	17,918
2006	.7642	808,383,279	47,731		17,130	(266)	30,335
2007	.7967	796,528,948	146,419		87,934	(747)	57,738
2008 (Year Under Audit)	.7943	803,447,816		6,381,786	6,263,217		118,569
TOTALS			\$ 288,985	\$ 6,381,786	\$ 6,389,002	\$ (5,344)	\$ 276,425

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, 2008

Receipts:	
County Clerk Miscellaneous	\$ 6,866
Criminal Cases	1,870
County Clerk Records Management	13,315
Recording Fees	50,567
Xerox	2,885
Birth Certificates	16,299
Mandatory Records Management	877
Marriage License	2,830
Abstracts, Tax Liens, Etc.	1,822
Civil and Probate	746
Mandatory Courthouse Security	153
Financing Statements	840
Family Trust	521
Interest	211

Total Receipts	\$ 99,802

Disbursements:	
County Treasurer	\$103,571
Refunds and Other	148

Total Disbursements	\$103,719

Excess Receipts Over Disbursements	\$ (3,917)
Fund Balance 9-30-07	11,901

Fund Balance 9-30-08	\$ 7,984
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY COURT FUND
For Year Ended September 30, 2008

Receipts:		
Court Cost Deposits	\$ 19,521	
Mandatory Records Management	315	
Mandatory Courthouse Security	315	
Interest	497	

Total Receipts		\$ 20,648
Disbursements:		
County Treasurer	\$ 16,560	
Refund of Deposits	497	
Other Fees	-0-	

Total Disbursements		\$ 17,057

Excess Receipts Over Disbursements		\$ 3,591
Fund Balance 9-30-07		11,974

Fund Balance 9-30-08		\$ 15,565
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CRIMINAL PARTIAL PAYMENT FUND
For Year Ended September 30, 2008

Receipts:		
Payments Received	\$152,070	
Mandatory Records Management	2,921	
Mandatory Courthouse Security	376	
Interest	953	

Total Receipts		\$156,320
Disbursements:		
County Treasurer	\$138,109	
Restitution	16,743	
Other	750	

Total Disbursements		\$155,602

Excess Receipts Over Disbursements		\$ 718
Fund Balance 9-30-07		34,716

Fund Balance 9-30-08		\$ 35,434
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CASH BOND FUND
For Year Ended September 30, 2008

	CRIMINAL	CIVIL
	-----	-----
Receipts:		
Payments Received	\$ 9,750	\$ 6,900
Redeposits	-0-	-0-
	-----	-----
Total Receipts	\$ 9,750	\$ 6,900
Disbursements:		
County Treasurer	\$ -0-	\$ -0-
Refunded	12,825	-0-
Other	5,420	-0-
Returned Checks	-0-	-0-
	-----	-----
Total Disbursements	\$ 18,245	\$ -0-
	-----	-----
Excess Receipts Over Disbursements	\$ (8,495)	\$ 6,900
Fund Balance 9-30-07	16,993	9,605
	-----	-----
Fund Balance 9-30-08	\$ 8,498	\$ 16,505
	=====	=====

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, 2008

	Civil -----	Criminal -----
Receipts:		
Alternate Dispute Resolution	\$ 1,670	\$
Clerk Filing Fees	23,563	3,278
Consolidated State Court		4,796
Court Appointed Attorney		11,528
Crime Victims Fund		797
District Clerk Records Management	591	52
EMS Trauma Fund		998
Family Protection Fee - State	870	
Fines		44,857
Indigent Fund	255	
Interest	110	725
Jury Fees	1,310	70
Law Library	2,180	
Mandatory Courthouse Security	595	287
Mandatory Records Management	590	961
Miscellaneous	1,212	855
Passport Fees	10,625	
Probation		74,591
Sheriff Fees	7,333	4,764
State Fees	5,695	
Steno Fees	1,635	
Time Payment Fee		1,596
Judicial Fund	4,938	78
	-----	-----
Total Receipts	\$ 63,172	\$ 150,233
	=====	=====
Disbursements:		
Lamb County Treasurer	\$ 65,742	\$ 75,764
154th Judicial Adult Probation Dept.		75,002
Less: FYE 9-30-07 Fees Paid in		
FYE 9-30-08:		
County Treasurer	(4,507)	(6,381)
Probation Dept.		(5,251)
Plus: FYE 9-30-08 Fees Paid in		
FYE 9-30-09:		
County Treasurer	1,937	6,259
Probation Dept.		4,840
	-----	-----
Total Disbursements	\$ 63,172	\$ 150,233
	=====	=====

OFFICE OF THE COUNTY SHERIFF

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
SHERIFF FEES
For Year Ended September 30, 2008

Receipts:

Sheriff Fees	\$ 68,731	
Other	9,673	

		\$ 78,404

Disbursements:

County Treasurer	\$ 78,404	
Other	-0-	

		\$ 78,404

Excess(Deficiency) Receipts Over Disbursements		\$ -0-
Fund Balance 9-30-07		-0-

Fund Balance 9-30-08		\$ -0-
		=====

Reconciliation with County Treasurer

Receipts Per Treasurer		\$ 70,909
Less: Receivable FYE 9-30-07		-0-
Add: Receivable FYE 9-30-08		7,495

Disbursements to Treasurer		\$ 78,404
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PRISONER ACCOUNT
For Year Ended September 30, 2008

Receipts:

Inmate Deposits	\$ 54,940	
Transfers	33	
Other	57	

		\$ 55,030

Disbursements:

Commissary Use & Refunds	\$ 52,335	
Transfers	961	
Other	7,520	

		\$ 60,816

Excess (Deficiency) Receipts Over Disbursements	\$ (5,786)
Cash Balance 9-30-07	7,282

Cash Balance 9-30-08	\$ 1,496
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED PRISONER ACCOUNT
For Year Ended September 30, 2008

Receipts:

Transfers	\$	961	
Other		226	

	\$		1,187

Disbursements:

Refunds		544	
Transfers		33	
Other		25	

	\$		602

Excess(Deficiency) Receipts Over Disbursements	\$	585
--	----	-----

Cash Balance, 9-30-07		2,945
-----------------------	--	-------

Cash Balance, 9-30-08	\$	3,530
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
COMMISSARY ACCOUNT
For Year Ended September 30, 2008

Receipts:

Sales - Commissary	\$ 28,989	
Other	-0-	

Total Receipts		\$ 28,989

Disbursements:

Purchases	\$ 18,162	
Sales Tax	1,811	
Supplies	2,379	
Capital Outlays	19,018	
Other	214	

Total Disbursements		\$ 41,584

Excess (Deficiency) Receipts Over Disbursements	\$ (12,595)
Cash Balance, 9-30-07	23,859

Cash Balance, 9-30-08	\$ 11,264
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
EDUCATION ACCOUNT
For Year Ended September 30, 2008

Receipts:

State Revenue	\$ 2,614
---------------	----------

Disbursements:

Continuing Education Use	2,475
--------------------------	-------

Excess(Deficiency) Receipts Over Disbursements	\$ 139
--	--------

Cash Balance, 9-30-07	224
-----------------------	-----

Cash Balance, 9-30-08	\$ 363
-----------------------	--------

=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PETTY CASH ACCOUNT
For Year Ended September 30, 2008

Receipts:

Reimbursements	\$	477	
Other		-0-	

Total Receipts	\$		477

Disbursements:

Travel	\$	-0-	
Supplies		443	
Meals		-0-	
Miscellaneous		49	
Other		-0-	

Total Disbursements	\$		492

Excess(Deficiency) Receipts Over Disbursements	\$	(15)
Cash Balance, 9-30-07		75

Cash Balance, 9-30-08	\$	60
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FORFEITURE ACCOUNT
For Year Ended September 30, 2008

Receipts:	\$ 3,127
Disbursements:	-0-

Excess(Deficiency) Receipts Over Disbursements	\$ 3,127
Cash Balance, 9-30-07	85

Cash Balance, 9-30-08	\$ 3,212
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
DRUG PROGRAM ACCOUNT
For Year Ended September 30, 2008

Receipts:

Telephone Commission	\$ 19,959	
Restitution	1,721	
Other	-0-	

Total Receipts		\$ 21,680

Disbursements:

Drug Investigation	\$ 740	
DARE Program	2,000	
Capital Outlays	9,200	
Miscellaneous	-0-	

Total Disbursements		\$ 11,940

Excess (Deficiency) Receipts Over Disbursements \$ 9,740

Cash Balance, 9-30-07 15,896

Cash Balance, 9-30-08 \$ 25,636
=====

Summary:

Cash on Hand	\$ 2,114	
Cash in Bank - SSB	23,522	

Total		\$ 25,636

=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
BOND FEES
For Year Ended September 30, 2008

Receipts:

Bond Fees	\$ 4,755	
Other	-0-	
	-----	\$ 4,755

Disbursements:

County Treasurer	\$ 5,265	
Other	-0-	
	-----	\$ 5,265

Excess(Deficiency) Receipts Over Disbursements	\$ (510)
Fund Balance 9-30-07	1,585

Fund Balance 9-30-08	\$ 1,075
	=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$ 5,265
Less: Receivable FYE 9-30-07	-0-
Add: Receivable FYE 9-30-08	-0-

Disbursements to Treasurer	\$ 5,265
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
TRUST ACCOUNT
For Year Ended September 30, 2008

Receipts:	\$	-0-
Disbursements:		-0-

Excess (Deficiency) Receipts Over Disbursements	\$	-0-
Cash Balance, 9-30-07		48

Cash Balance, 9-30-08	\$	48
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
TOY FOR KIDS ACCOUNT
For Year Ended September 30, 2008

Receipts:	\$ 930
Disbursements:	342

Excess(Deficiency) Receipts Over Disbursements	\$ 588
Cash Balance, 9-30-07	1,211

Cash Balance, 9-30-08	\$ 1,799
	=====

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, 2008

Receipts:		
Fines and Fees	\$ 41,173	
Other	-0-	
	-----	\$ 41,173
Disbursements:		
County Treasurer	\$ 38,237	
Fees Collected for Other Agencies	1,595	
Other	-0-	
	-----	\$ 39,832
Excess(Deficiency) Receipts Over Disbursements		\$ 1,341
Fund Balance 9-30-07		2,631

Fund Balance 9-30-08		\$ 3,972
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 2
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2008

Receipts:		
Fines and Fees	\$ 8,266	
Other	-0-	
	-----	\$ 8,266
Disbursements:		
County Treasurer	\$ 7,906	
Fees Collected for Other Agencies	-0-	
Other	48	
	-----	\$ 7,954
Excess(Deficiency) Receipts Over Disbursements		\$ 312
Fund Balance 9-30-07		4

Fund Balance 9-30-08		\$ 316
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 3
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2008

Receipts:		
Fines and Fees	\$204,331	
Other	-0-	

		\$204,331
Disbursements:		
County Treasurer	\$187,907	
Fees Collected For Other Agencies	4,650	
Fees Paid to Collection Agency	11,774	
Other	-0-	

		\$204,331

Excess(Deficiency) Receipts Over Disbursements		\$ -0-
Fund Balance 9-30-07		220

Fund Balance 9-30-08		\$ 220
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 4
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2008

Receipts:		
Fines and Fees	\$ 52,680	
Other	-0-	
	-----	\$ 52,680
Disbursements:		
County Treasurer	\$ 52,600	
Fees Collected For Other Agencies	75	
Other	-0-	
	-----	\$ 52,675
Excess(Deficiency) Receipts Over Disbursements		\$ 5
Fund Balance 9-30-07		218

Fund Balance 9-30-08		\$ 223
		=====

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

June 10, 2009

Independent Auditor's Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2008, which collectively comprise Lamb County's basic financial statements and have issued our report thereon dated June 10, 2009. Our opinion on the basic 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lamb County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Lamb County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lamb County's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Lamb County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Lamb County's

Report on Internal Control over Financial Reporting and on Compliance
And Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards
Lamb County - June 10, 2009

financial statements that is more than inconsequential will not be prevented by the Lamb County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Lamb County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify any deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

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 FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements
noted? Yes X No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

LAMB COUNTY, TEXAS

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

LAMB COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2008

None