

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2011

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2011

Name of Official

Office

James M. DeLoach
Rodney Smith
Kent Lewis
Danny Short
Jimmy Young
Mark Yarbrough
Gina Jones
Gary Maddox
Janice Wells
Brenda Goheen
Jamee Long
Stephanie Chester
Becky DeBerry
Christy Clark
Al Mann
Melton Hanna

County Judge
Commissioner, Precinct #1
Commissioner, Precinct #2
Commissioner, Precinct #3
Commissioner, Precinct #4
County Attorney
County Auditor
County Sheriff
County Treasurer
Tax Assessor-Collector
County Clerk
District Clerk
Justice of Peace #1
Justice of Peace #2
Justice of Peace #3
Justice of Peace #4

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FINANCIAL SECTION

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Stephen H. Webb, CPA
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August 15, 2012

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, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2011, 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 opinions 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 opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County as of September 30, 2011, 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.

Lamb County – August 15, 2012

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2012 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining fund financial statements and other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, 2011. 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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net 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 \$9,361,309 to \$9,472,913. 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 \$4,020,598 at September 30, 2011.

This increase in governmental net assets was the net result of the County's revenues exceeding the expenditures as shown in Exhibit B-1 and a \$42,041 prior period adjustment as disclosed in Note 13.

The net assets of our business-type activities increased by \$122,764. This increase is significant to the overall operations of the County as it provides significant services to the community. Factors contributing to this increase are shown in Exhibit B-1.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	4,727	4,336	3,083	2,834	7,810	7,170	8.9%
Capital assets	5,785	5,837	1,914	2,085	7,699	7,922	-2.8%
Total assets	10,512	10,174	4,997	4,918	15,509	15,092	2.8%
Long-term liabilities	244	234		9	244	243	.4%
Other liabilities	795	578	1,125	1,160	1,920	1,738	10.5%
Total liabilities	1,039	812	1,125	1,169	2,164	1,981	9.2%
Net assets:							
Invested in capital assets, net of related debt	5,452	5,535	1,888	1,901	7,340	7,436	-1.3%
Restricted					-0-	-0-	0.0%
Unrestricted	4,021	3,826	1,984	1,848	6,005	5,674	5.8%
Total net assets	9,473	9,361	3,872	3,749	13,345	13,111	1.8%

Table 2

Lamb County

Changes in Net Assets
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Net program revenues:							
Charges for services	559	564	9,059	8,339	9,618	8,903	8.0%
Operating grants and contributions	596	585	10	5	606	590	2.7%
Capital Grants and contributions		36		6	-0-	42	-100.0%
General revenues:							
Property taxes	7,400	6,908			7,400	6,908	7.1%
Licenses and permits	1				1	-0-	
Commissions	557	561			557	561	-7 %
Grants and contributions not restricted					-0-	-0-	0.0%
Unrestricted investments earnings	41	27	5	2	46	29	58.6%
Other revenues	262	121	190	158	452	279	62.0%
Total revenues	9,415	8,803	9,264	8,510	18,679	17,313	7.9%
Expenses:							
General government	1,251	1,075			1,251	1,075	16.4%
Financial	385	379			385	379	1.6%
Judicial	491	446			491	446	10.1 %
Legal	216	199			216	199	8.5%
Public safety	2,848	2,897			2,848	2,897	-1.7%
Facilities	157	176			157	176	-10.8%
Public welfare	60	51			60	51	17.6%
Culture/Recreation	592	334			592	334	77.2%
Road and Bridge	2,160	1,830			2,160	1,830	18.0%
Health			10,286	10,163	10,286	10,163	1.2%
Interest on long-term debt	12	10			12	10	20.0%
Total expenses	8,172	7,398	10,286	10,163	18,458	17,561	5.1%

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

	Total Governmental Activities		Business-Type Activities		Total		Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Increase(decrease) in net assets before special items & transfers	1,243	1,404	(1,022)	(1,653)	221	(248)	-189.1%
Gain (Loss) on Sale of Capital Assets	(29)	25			(29)	25	-216.0%
Transfers	(1,145)	(1,135)	1,145	1,135	-0-	-0-	0.0%
Change in net assets	69	294	123	(518)	192	(223)	-186.1%
Net assets-beginning	9,361	9,028	3,749	4,267	13,111	13,295	-1.4%
Increase (Decrease) in Net Assets	42	39			42	39	7.7%
Net assets-ending	9,473	9,361	3,872	3,749	13,345	13,111	1.8%

The County's governmental revenues increased by \$612,189 this year. The total cost of governmental programs and services increased by \$773,417 this year. The County's business revenues increased by \$754,250 this year. The total cost of business programs and services increased by \$123,625 this year.

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

- Current year property tax revenues increased by \$459,179 over previous year collections. This increase is the result of increases to the tax base that totaled over \$54 million. The increase in property tax revenue was used to fund health insurance increases and the county wide computer system.
- Fee office collections decreased \$8,378 or 1.75% over prior year collections.
- Total expenses increased during the year. A portion of this increase reflects an increase in retirement expense and an increase in employee medical benefits. There was also significant increases in the Public Safety department for rural fires and radio equipment.

The cost of all governmental and business-type activities this year was \$18,458,133. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes, licenses and permits, and commissions was only \$7,957,656 because \$9,617,923 of the costs were paid by those who directly benefited from the programs and \$606,038 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 \$3,897,515, which is significantly above last year's total of \$3,699,229. Included in this year's total change in fund balance is a net increase of \$144,794 in the County's General Fund.

Total tax revenue including delinquent taxes increased \$505,185 over prior year collections. Taxes increased due to high collection rates and an increase in the tax base. The increase in the tax base also allowed the County to retain the same tax rate as the previous year.

Expenditures in the governmental funds increased over prior year totals. The primary areas of increased expenditures were in personnel related costs due to increases in employee benefits cost, continued installation of a new county wide computer system, and increases in rural fire cost. There were additional expenditures in the Road and Bridge departments for repairs due to damage caused by Hurricane Alex. Funding from FEMA and other grants offset most of the expenditures for the repairs.

General Fund Budgetary Highlights

The County's General Fund balance of \$3,532,374 differs from the General Fund's budgetary fund balance of \$2,415,906. This difference is shown on the budgetary comparison schedule (Exhibit F-1).

The County budget is prepared by the County Judge and approved by the Commissioners Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure line item level. Budgetary adjustments must be approved by the Commissioners Court. The significant differences between the original budget and the final budget were due to grant revenue being received after the start of the fiscal year. The largest increase was from revenue received from FEMA for damage caused by Hurricane Alex. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. The final budget reflected an excess of revenues over expenditures of \$359,516 and the actual excess was \$1,378,026. Major variances included:

- Total revenues collected were more than budgeted revenue by 6.57%. Property tax revenue exceeded budget by 1.38% (\$100,453) due to higher than expected collection rates and increased penalties and interest on collections of delinquent taxes.
- Total fee revenue collected was over budgeted amounts by 2.94%. Overall fee collections for FY 2011 compared to FY 2010 were less due to fewer document filings by the public.
- Total general fund expenditures were 1.11% less than the ending budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the County had \$16,211,533 invested in a broad range of governmental capital assets, including administrative facilities and equipment, public safety facilities and equipment, and maintenance buildings and equipment.

This year's major additions included:

Building & Improvements	\$ 11,250
Machinery & Equipment	226,894
Vehicles	115,238
Office Equipment	303,591
Construction in Progress	11,800

Total	\$ 668,773
	=====

The purchase of a new county wide computer system continued this year with an initial investment of \$265,000 in the prior fiscal year and \$297,341 investment this fiscal year. The Sheriff's Office purchased several new vehicles. There was one motor grader purchased.

The County will continue the purchase and installation of the new county wide computer system and will purchase a new ambulance for Olton EMS to use in the next fiscal year with no plans to incur any new debt to finance said capital expenditure.

Debt

At year-end, the County had \$333,006 in outstanding governmental debt versus \$301,722 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 2011 budget and tax rates such as the following:

- The County is continuing the purchase of a new software system and is budgeting \$190,000 for the next portion of the project.
- Additional money was also budgeted in contract/professional services for possible litigation expense.
- Select departments received salary expense increases. There were also budget increases for retirement and health insurance due to increased cost. There was no COLA raises given.

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, 2011

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 4,725,650	\$ 47,362	\$ 4,773,012
Investments	29		29
Receivables (net of allowance for uncollectibles)	489,768	2,200,359	2,690,127
Internal balances	(494,824)	494,824	-0-
Due from others	5,001		5,001
Inventories	1,429	292,975	294,404
Prepays		47,786	47,786
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and improvements	2,999,979	866,539	3,866,518
Machinery and equipment	655,914	985,660	1,641,574
Vehicles	625,150		625,150
Office equipment	894,152		894,152
Capital Leases	565,356		565,356
Construction in progress	11,800		11,800
Total Capital Assets	\$ 5,785,321	\$ 1,914,021	\$ 7,699,342
TOTAL ASSETS	\$ 10,512,374	\$ 4,997,327	\$ 15,509,701
LIABILITIES			
Accounts payable and other current liabilities	\$ 505,503	\$ 834,805	\$ 1,340,308
Accrued liabilities		264,068	264,068
Due to Others	1,019		1,019
Deferred revenue	199,932		199,932
Noncurrent liabilities:			
Due within one year	89,373	26,378	115,751
Due in more than one year	243,633		243,633
TOTAL LIABILITIES	\$ 1,039,460	\$ 1,125,251	\$ 2,164,711
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,452,315	\$ 1,887,643	\$ 7,339,958
Unrestricted	4,020,598	1,984,433	6,005,031
TOTAL NET ASSETS	\$ 9,472,913	\$ 3,872,076	\$ 13,344,989

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

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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	\$ 1,250,698	\$ 173,541	\$ 112,758	\$	\$ (964,399)	\$	\$ (964,399)
Financial	384,601	66,337			(318,264)		(318,264)
Judicial	491,340	239,023	23,793		(228,524)		(228,524)
Legal	216,014	26,071	61,969		(127,974)		(127,974)
Public safety	2,848,241	52,724	313,217		(2,482,300)		(2,482,300)
Facilities	156,764				(156,764)		(156,764)
Public welfare	59,447	705			(58,742)		(58,742)
Culture/Recreation	592,442	656	8,338		(583,448)		(583,448)
Road and Bridge	2,160,362		76,163		(2,084,199)		(2,084,199)
Interest on long-term debt	11,983				(11,983)		(11,983)
Total Governmental Activities	\$ 8,171,892	\$ 559,057	\$ 596,238	\$ -0-	\$ (7,016,597)	\$ -0-	\$ (7,016,597)
Business – Type Activities:							
Health	\$ 10,286,241	\$ 9,058,866	\$ 9,800	\$	\$	\$ (1,217,575)	\$ (1,217,575)
Total Business-Type Activities	\$ 10,286,241	\$ 9,058,866	\$ 9,800	\$ -0-	\$ -0-	\$ (1,217,575)	\$ (1,217,575)
TOTAL PRIMARY GOVERNMENT	\$ 18,458,133	\$ 9,617,923	\$ 606,038	\$ -0-	\$ (7,016,597)	\$ (1,217,575)	\$ (8,234,172)
General Revenues:							
Property taxes					\$ 7,399,829	\$	\$ 7,399,829
Licenses and permits					594		594
Commissions					557,233		557,233
Grants and contributions not restricted to specific programs							-0-
Investment earnings					40,558	5,467	46,025
Miscellaneous					261,631	190,061	451,692
Gain (Loss) on sale of capital assets					(28,873)		(28,873)
Transfers					(1,144,811)	1,144,811	-0-
Total general revenues and transfers					\$ 7,086,161	\$ 1,340,339	\$ 8,426,500
Change in net assets					\$ 69,564	\$ 122,764	\$ 192,328
Net assets – beginning					9,361,309	3,749,312	13,110,621
Increase (Decrease) in Net Assets					42,041		42,041
Net assets – ending					\$ 9,472,913	\$ 3,872,076	\$ 13,344,989

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

LAMB COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<hr/>			
ASSETS			
Cash	\$ 4,421,038	\$ 304,611	\$ 4,725,650
Investments	29		29
Accounts Receivable	87,451	79,302	166,753
Delinquent Taxes Receivable	358,906		358,906
Allowance for Uncollectible Taxes	(35,891)		(35,891)
Due From Other Funds	5,000	2	5,002
Inventory	1,429		1,429
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,837,963	\$ 383,915	\$ 5,221,879
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable	\$ 471,671	\$ 17,754	\$ 489,424
Other Current Liabilities	16,079		16,079
Due to Other Funds	494,824	1	494,825
Due to Others		1,019	1,019
Deferred Revenue	323,015		323,015
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 1,305,589	\$ 18,774	\$ 1,324,363
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Restricted	\$	\$ 341,306	\$ 341,306
Assigned for Retirement of L-T Debt	333,006		333,006
Assigned for Other Purposes		23,835	23,835
Unassigned	3,199,368		3,199,368
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 3,532,374	\$ 365,141	\$ 3,897,515
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 4,837,963	\$ 383,915	\$ 5,221,879
	<hr/>	<hr/>	<hr/>

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

LAMB COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

Total fund balances - governmental fund balance sheet	\$	3,897,515
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.		5,785,321
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		123,083
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.		(333,006)

Total net assets of governmental activities - statement of net assets	\$	9,472,913
		=====

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, 2011

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
REVENUES			
Taxes	\$ 7,402,462	\$ 1,078	\$ 7,403,539
Charges for Services	470,352	88,705	559,057
Licenses & Permits	594		594
Commissions	557,233		557,233
Intergovernmental	224,723	371,515	596,238
Interest on Investments	38,646	1,912	40,558
Miscellaneous	253,958	7,673	261,631
	-----	-----	-----
Total Revenues	\$ 8,947,969	\$ 470,882	\$ 9,418,850
	-----	-----	-----
EXPENDITURES			
Current Operating:			
District Judge	\$ 97,862	\$	\$ 97,862
District Clerk	134,686		134,686
County Judge	127,757		127,757
County Clerk	245,146		245,146
Tax Assessor	181,813		181,813
County Treasurer	79,547		79,547
County Attorney	163,600		163,600
Justice of Peace - Pct #1-4	241,127		241,127
County Veterans & Welfare	57,320		57,320
Adult Probation	143		143
County Extension Office	101,667		101,667
County Sheriff	1,302,085		1,302,085
Jail	818,339		818,339
County Library	216,877		216,877
County Auditor	123,241		123,241
Non-Departmental	598,267		598,267
Maintenance	156,764		156,764
Ag & Community Centers	29,846		29,846
Public Safety	258,348		258,348
Information Services	20,781		20,781
Road and Bridge - Pct #1-4	1,915,381		1,915,381
Bail Bond Board Account			-0-
Jury Fund		5,808	5,808
Grants Fund		69,346	69,346
Library Grants		9,089	9,089
Emergency Food & Shelter		2,128	2,128
Child Abuse Prevention/Family Protection Fund			-0-
Courthouse Security Fund		2,472	2,472
Commissioners Court RPF		20	20
County Clerk RPF		4,372	4,372
District Clerk RPF			-0-
County & District Tech Fund			-0-
District Courts Tech/Archive Fund			-0-
JP Technology Fund		9,385	9,385

The accompanying notes are an integral part of this statement.
(16)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----
JP Security Fund			-0-
Juvenile Probation Fund		336,371	336,371
Stand Grant Fund		102,645	102,645
Title IV-E Fund		7,445	7,445
Lamb County 4-H Action Fund		734	734
County Clerk Election Fund		8,000	8,000
VCLG Grant Fund		25,183	25,183
Pre-Trial Diversion Fund		8,692	8,692
DWI Video Fund			-0-
County Attorney Drug Forfeiture		8,251	8,251
County Attorney Hot Check Fee Fund		10,288	10,288
Sheriff Commissary Fund		22,864	22,864
Sheriff Forfeiture Fund-State			-0-
Sheriff Forfeiture Fund-Federal			-0-
County Library		4,936	4,936
Capital Projects Fund		10,755	10,755
Capital Outlays	619,345	25,868	645,213
Debt Service:			
Principal	68,016		68,016
Interest	11,983		11,983
	-----	-----	-----
Total Expenditures	\$ 7,569,943	\$ 674,651	\$ 8,244,594
	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,378,026	\$ (203,769)	\$ 1,174,256
	-----	-----	-----
OTHER FINANCING SOURCES (USES)			
Proceeds From Sale of Capital Assets	\$ 27,500	\$	\$ 27,500
Proceeds From Capital Lease	99,300		99,300
Operating Transfers In	8,949,025	215,221	9,164,246
Operating Transfers Out	(10,309,057)		(10,309,057)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (1,233,232)	\$ 215,221	\$ (1,018,011)
	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 144,794	\$ 11,451	\$ 156,245
Fund Balances - Beginning	3,385,131	314,098	3,699,229
Increase (Decrease) in Fund Balance	2,449	39,592	42,041
	-----	-----	-----
Fund Balances - Ending	\$ 3,532,374	\$ 365,141	\$ 3,897,515
	=====	=====	=====

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

LAMB COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

Net change in fund balances - total governmental funds.	\$	156,245
Capital outlays are not reported as expenses in the SOA.		668,773
The net effect of sales of capital assets is to decrease net assets.		(79,933)
Capital asset depreciation used in governmental activities is not reported in the funds.		(640,527)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.		(3,710)
Proceeds from capital lease are not reported as revenue in the SOA		(99,300)
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.		68,016

Change in net assets of governmental activities.	\$	69,564
		=====

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

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2011

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 47,362
Patients Accounts Receivable, Net of Allowances	1,814,036
Estimated Third-Party Payer Settlements	386,323
Other Receivable - Lamb County	494,824
Inventory of Supplies	292,975
Prepaid Expenses and Other Current Assets	47,786

Total Current Assets	\$ 3,083,306

CAPITAL ASSETS

Net of Accumulated Depreciation	1,914,021

Total Assets	\$ 4,997,327

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES

Accounts Payable	\$ 518,534
Accrued Payroll, Benefits and Payroll Liabilities	264,068
Other Current Liabilities	316,271
Long-Term Debt - Current	26,378

Total Current Liabilities	\$ 1,125,251

Total Liabilities	\$ 1,125,251

NET ASSETS

Invested in Capital Assets Net of Related Debt	1,887,643
Unrestricted	1,984,433

Total Net Assets	\$ 3,872,076
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUND
SEPTEMBER 30, 2011

OPERATING REVENUES

Net Patient Service Revenue (Net of Provision for Bad Debts of \$1,520,377)	\$ 9,058,866
Other Operating Revenue	162,083

Total Operating Revenues	\$ 9,220,949

OPERATING EXPENSES

Salaries and Wages	\$ 4,255,738
Employee Benefits	670,581
Professional Fees and Purchased Services	2,293,059
Supplies and Other	2,636,504
Depreciation and Amortization	422,234

Total Operating Expenses	\$ 10,278,116

Operating Income (Loss)	\$ (1,057,167)
-------------------------	----------------

NON-OPERATING REVENUES (EXPENSES)

Tobacco Settlement Revenue	27,978
Non-Capital Grants and Contributions	9,800
Gain on Sale of Assets	-0-
Interest Income	5,467
Interest Expense	(2,664)

Total Non-operating Revenues (Expenses)	\$ 40,581

Income (Loss) Before Capital Grants and Contributions & County Subsidies	\$ (1,016,586)
Capital Grants and Contributions	-0-
County Subsidies	1,139,350

Increase (Decrease) in Net Assets	\$ 122,764
Net Assets - Beginning	3,749,312

Net Assets - Ending	\$ 3,872,076
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 8,589,288
Payments to Suppliers and Contractors	(4,659,224)
Payments to Employees	(5,063,828)
Other Receipts and Payments, Net	162,083

Net Cash Provided(Used) by Operating Activities	\$ (971,681)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Invested in Funds Held by Lamb County	\$ 217,003
Proceeds From County Subsidies	1,139,350
Proceeds From Non-Capital Grants and Contributions	9,800
Proceeds From Tobacco Settlement	27,978

Net Cash Provided(Used) by Non-Capital Financing Activities	\$ 1,394,131

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (366,829)
Principal Paid on Capital Lease Obligations	(37,780)
Interest Paid	(2,664)
Proceeds From Capital Grants and Contributions	-0-

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (407,273)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	\$ 5,467

Net Cash Provided(Used) by Investing Activities	\$ 5,467

Net Increase(Decrease) in Cash and Cash Equivalents	\$ 20,644
Cash and Cash Equivalents at the Beginning of Year	26,718

Cash and Cash Equivalents at the End of Year	\$ 47,362
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2011

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH

USED BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (1,057,167)
Adjustments to Reconcile Operating Income(Loss) to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	422,234
Provision for Bad Debt	1,520,377
(Increase)Decrease in:	
Accounts Receivable	(2,016,601)
Estimated Third-Party Payer Settlement	(9,107)
Inventory of Supplies	53,116
Prepaid Expenses	6,160
Increase(Decrease) in:	
Accounts Payable	211,063
Accrued Payroll, Benefits and Payroll Liabilities	(137,509)
Other Liabilities	35,753

Net Cash Provided(Used) by Operating Activities	\$ (971,681)

Supplemental Disclosure of Noncash Financing,	
Capital and Investing Activities:	
Capital Assets Acquired by Accounts Payable	\$ 10,273

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

LAMB COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Agency Funds -----
ASSETS:	
Cash and Cash Equivalents	\$ 223,295 -----
Total Assets	\$ 223,295 -----
LIABILITIES:	
Due to Other Groups	\$ 163,861
Due to Trust Beneficiaries	59,434 -----
Total Liabilities	\$ 223,295 -----

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

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, 2011

B. BASIS OF PRESENTATION

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

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

Statement No. 34 also requires supplementary information Management's Discussion and Analysis which includes an analytical overview of the County's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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

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

D. CASH AND CASH EQUIVALENTS

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

E. RECEIVABLE AND PAYABLE BALANCES

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

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

F. INTERFUND ACTIVITY

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

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. Any inventory on the balance sheet is stated at cost.

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.

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

Asset Class -----	Estimated Useful Lives (Years) -----
Buildings	50
Improvements	7-30
Machinery & Equipment	7-15
Vehicles	7-8
Office Equipment	5-20

I. ENCUMBRANCES

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

J. PERSONAL LEAVE

County employees earn personal leave in varying amounts and do not earn sick leave. Unused personal leave may be accumulated up to 216 hours and is paid upon termination of employment. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt county employees are granted compensatory time for hours worked beyond their regular working hours. Accumulated compensatory time is also paid upon termination of employment.

The County has identified a liability for accumulated personal leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The contingent liability for accumulated personal leave at 9-30-11 was \$164,694.

K. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

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

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

K. FUND BALANCES

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

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

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

L. USE OF ESTIMATES

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to May 1, the County Judge reviews the operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted when applicable by law.
3. Prior to October 1, the budget is legally enacted by acceptance of the Commissioners' Court.
4. Transfer of budgeted amounts between line items is authorized within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Commissioners' Court.
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget was properly amended by the Commissioners' Court as needed throughout the year. There were no significant budget amendments passed during the 10-11 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.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Cash Deposits:

At September 30, 2011, the carrying amount of the County's total deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash) was \$4,773,012 and the bank balance was \$5,089,964. The County's cash deposits with financial institutions at September 30, 2011 and during the year ended September 30, 2011, were entirely covered by FDIC insurance and 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 \$9,429,107.
- c. Largest cash, savings and time deposits combined account balance amounted to \$9,207,639 and occurred during the month of February 2011.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$619,649.

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 basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Investment Accounting Policy:

In accordance with GASB Statement No. 31, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

NOTE 5: PROPERTY TAX

Property taxes 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 appraises property for ad valorem tax purposes for the County and collects the taxes for the County as well. Property tax revenues are considered available when they become due or past due and receivable within the current period.

NOTE 6: DELINQUENT TAXES RECEIVABLE

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 32,970	\$	\$	\$ 32,970
Construction in progress	-0-	11,800		11,800
Total capital assets not being depreciated	\$ 32,970	\$ 11,800	\$ -0-	\$ 44,770
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 9,474,237	\$ 11,250	\$	\$ 9,485,487
Machinery and equipment	2,367,438	47,667	(92,329)	2,322,776
Vehicles	1,862,566	115,238	(106,391)	1,871,413
Office equipment	1,500,065	303,591		1,803,656
Capital leases	504,205	179,227		683,432
Total capital assets being depreciated	\$ 15,708,511	\$ 656,973	\$ (198,720)	\$ 16,166,763
Less accumulated depreciation for:				
Buildings and improvements	\$ (6,361,079)	\$ (124,429)	\$	\$ (6,485,508)
Machinery and Equipment	(1,577,084)	(165,180)	75,402	(1,666,862)
Vehicles	(1,155,241)	(134,406)	43,385	(1,246,263)
Office equipment	(752,907)	(156,597)		(909,504)
Capital leases	(58,161)	(59,915)		(118,076)
Total accumulated depreciation	\$ (9,904,472)	\$ (640,527)	\$ 118,787	\$ (10,426,212)
Total capital assets being depreciated, net	\$ 5,804,039	\$ 16,446	\$ (79,933)	\$ 5,740,551
Governmental activities capital assets, net	\$ 5,837,009	\$ 28,246	\$ (79,933)	\$ 5,785,321

The carrying amount of capital assets that are idle at 9-30-11 is \$310,136.

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

General government	\$ 166,254
Public safety	229,292
Highways and streets	244,981

	\$ 640,527
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 8: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Revenue Description	Fund	Deferred Amount
-----	-----	-----
Net Tax Revenue	General	\$ 323,015

Total Deferred Revenue		\$ 323,015
		=====

NOTE 9: OPERATING/CAPITAL LEASES

The County previously entered into an operating lease agreement on a Challenger tractor for Precinct 4. Commitments under this operating (noncapitalized) lease agreement expired during the current year. Rental expenditures in the current year were \$13,609.

The County has also entered into operating lease agreements for Xerox, Ricoh and Sharp copiers and printers. Commitments under these operating (noncapitalized) lease agreements provide for future minimum rental payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 24,248
2013	18,198
2014	9,342
2015	5,477
2016	3,236

Total Minimum Rental Payments	\$ 60,501
	=====
Rental Expenditures in FYE 2011	\$ 26,941
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 9: OPERATING/CAPITAL LEASES (continued)

In FYE 2009, the County entered into a lease agreement on a Sharp MX2700 copier. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 9.43%. The amount of interest paid in the current year was \$529. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 3,748
2013	313

Total Minimum Lease Payments	\$ 4,061
Less Amount Representing Interest	(215)

Present Value - Minimum Lease Payments	\$ 3,846
	=====

In FYE 2009, the County entered into an equipment lease-purchase agreement on a Caterpillar 938G Wheel Loader for Precinct #4. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.84%. The amount of interest paid in the current year was \$3,135. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 22,308
2013	22,308
2014	22,308

Total Minimum Lease Payments	\$ 66,924
Less Amount Representing Interest	(4,858)

Present Value - Minimum Lease Payments	\$ 62,066
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 9: OPERATING/CAPITAL LEASES (continued)

In FYE 2009, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M Motor Grader for Precinct #2. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.85%. The amount of interest paid in the current year was \$4,659. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 33,149
2013	33,149
2014	33,148

Total Minimum Lease Payments	\$ 99,446
Less Amount Representing Interest	(7,218)

Present Value - Minimum Lease Payments	\$ 92,228
	=====

In FYE 2010, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140H Motor Grader for Precinct #3. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.94%. The amount of interest paid in the current year was \$3,660. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 20,794
2013	20,794
2014	20,794
2015	20,796

Total Minimum Lease Payments	\$ 83,178
Less Amount Representing Interest	(7,612)

Present Value - Minimum Lease Payments	\$ 75,566
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 9: OPERATING/CAPITAL LEASES (continued)

During the current year, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M Motor Grader for Precinct #1. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.41%. The amount of interest paid in the current year was \$-0-. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2011 as follows:

Year Ending	

2012	\$ 21,943
2013	21,943
2014	21,943
2015	21,943
2016	21,941

Total Minimum Lease Payments	\$ 109,713
Less Amount Representing Interest	(10,413)

Present Value - Minimum Lease Payments	\$ 99,300
	=====

NOTE 10: LONG-TERM DEBT

Changes in Long-Term Liabilities:

	Balance 10-01-10	Increase	Decrease	Balance 09-30-11	Amounts Due Within One Year
	-----	-----	-----	-----	-----
Capital Leases	\$ 301,722	\$ 99,300	\$ 68,016	\$ 333,006	\$ 89,373
	-----	-----	-----	-----	-----
Total Long-Term Liabilities	\$ 301,722	\$ 99,300	\$ 68,016	\$ 333,006	\$ 89,373
	=====	=====	=====	=====	=====

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, 2011

NOTE 11: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2011 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 494,824
General Fund	Agency Funds	5,000
Other Governmental Funds	Other Governmental Funds	1
Other Governmental Funds	Agency Funds	1

		\$ 499,826
		=====

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, 2011 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
LHC	General Fund	\$ 9,893,836
General Fund	Road & Bridge	200,000
General Fund	Other Governmental Funds	215,221
General Fund	LHC	8,749,025

		\$ 19,058,082
		=====

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

NOTE 12: DEFICIT IN FUND BALANCE/NET ASSETS

The following individual nonmajor funds reported a deficit in Fund Balance/Net Assets as of September 30, 2011 as follows:

Grants Fund	\$ 959
Library Grant Fund	928
STAND Grant Fund	29
County Clerk Election Fund	2,880

	\$ 4,796
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 13: INCREASE(DECREASE) IN FUND BALANCE/NET ASSETS

The net increase in fund balance/net assets is due to prior period nonreported fund balance/net assets in the following individual nonmajor funds:

Emergency Food & Shelter Fund	\$ 2,131
Title IV-E Fund	22,869
Lamb County 4-H Action Fund	6,449
County Attorney Hot Check Fee Fund	3,966
Littlefield Library	996
Olton Library	5,630

	\$ 42,041
	=====

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 2011, 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, Public Officials Liability and Property/Casualty coverage. The County pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Texas Association of Counties Risk Management Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of insured amounts. The pooling agreement requires the pool to be self-sustaining.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

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 which is the date on which the financial statements were available to be issued.

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.

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: LITIGATION

Lamb County is involved in various lawsuits and claims. Some are for alleged losses suffered and are being handled by the County's insurance carriers. Others are for alleged violations of civil rights or discrimination. Although the outcome of these lawsuits and claims are not presently determinable, in the opinion of management the resolution of these matters will not have a material adverse effect on the County's financial position as of September 30, 2011.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 19: 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 618 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.

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 10.23% for the months of the accounting year in 2010, and 10.23% for the months of the accounting year in 2011. The contribution rate payable by the employee members for fiscal year 2011 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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2011

NOTE 19: PENSION BENEFIT PLAN (continued)

Schedule of Funding Information:

Actuarial Valuation Date	12-31-08	12-31-09	12-31-10
	-----	-----	-----
Actuarial Value of Assets	\$5,916,659	\$6,640,754	\$7,110,889
Actuarial Accrued Liability (AAL)	\$7,311,831	\$7,998,123	\$8,730,074
Unfunded or (Over-funded) Actuarial Accrued Liability (UAAL or (OAAL))	\$1,395,172	\$1,357,369	\$1,619,185
Funded Ratio	80.92%	83.03%	81.45%
Annual Covered Payroll (Actuarial)	\$2,973,025	\$3,208,411	\$3,373,079
UAAL or (OAAL) as a Percentage of Covered Payroll	46.93%	42.31%	48.00%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 279,465	\$ 301,591	\$ 345,067
Contributions Made	\$ 279,465	\$ 301,591	\$ 345,067
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

The County is one of 618 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 12-31-10 valuations are contained in the 2010 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.

NOTE 20: HEALTH CARE COVERAGE

During the year ended September 30, 2011, 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 with TAC HEBP is funded through Blue Cross Blue Shield Preferred Provider Organization (PPO), 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, 2011

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, 2011

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 became 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, 2011

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 on the straight-line method and at rates promulgated by the American Hospital Association which are designed to amortize the cost of such equipment over its useful life. 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, 2011

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, 2011

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, 2011

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	\$ 940,780
Ancillary Patient Services	
Inpatient	3,031,078
Outpatient	9,508,535

Gross Patient Service Revenue	\$ 13,480,393
Charity	(183,732)
Third-Party Contractual Adjustments	(3,323,550)
Provision for Bad Debts	(1,520,377)
Medicaid Disproportionate Share	606,132

Net Patient Service Revenue	\$ 9,058,866
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 decreased \$36,713 in 2011 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, 2011 are \$386,323.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2011, the carrying amount of the Hospital's deposits with financial institutions was \$46,738 and the bank balance was \$171,515. The bank balance is protected by Federal Deposit Insurance Corporation coverage and by the County's specific securities pledged to secure the deposits. All cash is deposited through the County Commissioners Office. The County Commissioners meet twice a month, the second and fourth Monday of the month to approve all cash disbursements.

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, 2011

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 2011 the Hospital received \$606,132 in Medicaid disproportionate share funds.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30, 2011:

Patient Accounts Receivable	\$ 3,332,490
Less: Allowance for Bad Debts	(1,131,175)
Allowance for Contractuals	(387,279)

Patient Accounts Receivable, Net of Allowance	\$ 1,814,036
	=====

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, 2011 is as follows:

Medicare	52%
Medicaid	8%
Other Third-Party Payers	13%
Patients	27%

Total	100%
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 6: CAPITAL ASSETS

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

	Balance 9/30/10	Additions	Retirements	Balance 9/30/11
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	1,022,226			1,022,226
Fixed Equipment	985,475	81,568		1,067,043
Major Moveable Equipment	2,986,237	169,841		3,156,078
	-----	-----	-----	-----
Totals at historical cost	\$ 5,055,760	\$ 251,409	\$ -0-	\$ 5,307,169
	-----	-----	-----	-----
Less Accumulated Depreciation for:				
Land Improvements	(87,101)	(68,586)		(155,687)
Fixed Equipment	(761,714)	(68,254)		(829,968)
Major Moveable Equipment	(2,122,099)	(285,394)		(2,407,493)
	-----	-----	-----	-----
Total Accumulated Depreciation	\$ (2,970,914)	\$ (422,234)	\$ -0-	\$ (3,393,148)
	-----	-----	-----	-----
Capital Assets, Net	\$ 2,084,846	\$ (170,825)	\$ -0-	\$ 1,914,021
	=====	=====	=====	=====

Depreciation expense, including capital lease amortization, for the year ended September 30, 2011 was \$422,234.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 7: LONG-TERM DEBT

The terms and due date of the Hospital's long-term debt at September 30, 2011 is as follows:

Capital lease payable in monthly installments of \$4,454, through November 25, 2011, collateralized by leased equipment.

A summary of changes in the Hospital's long-term debt for the year ended September 30, 2011, is as follows:

Description	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
-----	-----	-----	-----	-----	-----
Capital Lease Obligations	\$ 64,158	\$ -0-	\$ 37,780	\$ 26,378	\$ 26,378
	=====	=====	=====	=====	=====

Debt Service Requirements are as follows:

	Principal	Interest
	-----	-----
Year ending September 30, 2012	\$ 26,378	\$ 347
	-----	-----
	\$ 26,378	\$ 347
	=====	=====

NOTE 8: 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 2011 the Hospital reported \$1,139,350 from the County for operations.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 9: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 9: FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2011.

Cash and cash equivalents: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value based on stated market value.

Patient accounts receivable: The carrying amount reported in the statement of financial position for accounts receivable approximates its fair value based on billed rates less a reasonable allowance for uncollectible accounts.

Estimated third-party payer settlements: The carrying amount reported in the statement of financial position for estimated third-party payer settlements approximates its fair value based on submitted cost reports less a reasonable allowance for third-party payer adjustments.

Other current assets: The carrying amount reported in the statement of financial position for other current assets approximates its fair value.

Accounts payable and accrued expenses: The carrying amount reported in the statement of financial position for accounts payable and accrued expenses approximates its fair value based on invoiced value.

Salaries and benefits payable: The carrying amount reported in the balance sheet for salaries and benefits payable approximates its fair value based on employee salary rates.

Other current liabilities: The carrying amount reported in the statement of financial position for other current liabilities approximates its fair value.

Long-term debt: The fair value of the Hospital's remaining long-term debt is estimated using discounted cash flow analysis, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE 9: FAIR VALUE MEASUREMENTS (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine that fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, with the fair value hierarchy; the Hospital's carrying amounts and fair values as of September 30, 2011:

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
	-----	-----	-----	-----
Cash & Cash Equivalents	\$ 47,362	\$ 47,362	\$	\$
Patients Accounts Receivable, Net of Allowances	1,814,036		1,814,036	
Estimated Third-Party Payer Settlements	386,323		386,323	
Other Receivable-Lamb County	494,824	494,824		
Other Current Assets	47,786	47,786		
Accounts Payable & Accrued Expenses	518,534	518,534		
Accrued Payroll, Benefits & Payroll Liabilities	264,068	264,068		
Other Current Liabilities	316,271	316,271		
Long-Term Debt	26,378		26,473	

NOTE 10: SUBSEQUENT EVENTS

Subsequent events of the hospital have been evaluated through February 20, 2012, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2011

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 7,304,147	\$ 7,304,147	\$ 7,402,462	\$ 98,315
Charges for Services	456,900	456,900	470,352	13,452
Licenses & Permits			594	594
Commissions	580,000	580,000	557,233	(22,767)
Intergovernmental	175,067	175,067	224,723	49,656
Interest	19,350	19,350	38,646	19,296
Miscellaneous	63,000	340,807	253,958	(86,849)
Total Revenues	\$ 8,598,464	\$ 8,876,271	\$ 8,947,969	\$ 71,698
Expenditures				
District Judge	\$ 142,600	\$ 142,600	\$ 97,862	\$ 44,738
District Clerk	141,729	141,729	134,686	7,043
County Judge	152,418	152,418	127,757	24,661
County Clerk	261,546	261,546	245,146	16,400
Tax Assessor	190,559	190,559	181,813	8,746
County Treasurer	85,606	85,606	79,547	6,059
County Attorney	172,453	172,453	163,600	8,853
Justice of Peace				
Precinct #1-4	270,630	272,086	241,127	30,959
County Veterans & Welfare	71,993	71,993	57,320	14,673
Adult Probation	950	950	143	807
County Extension Office	107,903	106,903	101,667	5,236
County Sheriff	1,383,617	1,385,904	1,302,085	83,819
Jail	871,572	867,572	818,339	49,233
County Library	222,081	222,081	216,877	5,204
County Auditor	140,518	140,518	123,241	17,277
Non-Departmental	775,360	689,698	598,267	91,431
Maintenance	189,037	189,037	156,764	32,273
Ag & Community Centers	48,501	49,901	29,846	20,055
Public Safety	227,086	265,843	258,348	7,495
Information Services	29,775	39,775	20,781	18,994
Road & Bridge Precinct #1-4	1,915,667	2,228,216	1,915,381	312,835
Capital Outlays	760,850	763,112	619,345	143,767
Principal	64,799	64,799	68,016	(3,217)
Interest	6,797	11,456	11,983	(527)
Total Expenditures	\$ 8,234,047	\$ 8,516,755	\$ 7,569,943	\$ 946,812

The accompanying notes are an integral part of this statement.
(60)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2011

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over Expenditures	\$ 364,417	\$ 359,516	\$ 1,378,026	\$ 1,018,510
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	\$ 25,000	\$ 48,500	\$ 27,500	\$ (21,000)
Proceeds From Capital Lease	-0-	-0-	99,300	99,300
Operating Transfers In	9,404,322	9,404,322	8,949,025	(455,297)
Operating Transfers Out	(10,765,563)	(10,781,563)	(10,309,057)	472,506
Total Other Financing Sources (Uses)	\$ (1,336,241)	\$ (1,328,741)	\$ (1,233,232)	\$ 95,509
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (971,824)	\$ (969,225)	\$ 144,794	\$ 1,114,019
Fund Balance at Beginning of Year	3,385,131	3,385,131	3,385,131	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	2,449	2,449
Fund Balance at End of Year	\$ 2,413,307	\$ 2,415,906	\$ 3,532,374	\$ 1,116,468

The accompanying notes are an integral part of this statement.
(61)

COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2011

	General	Road and Bridge	LHC	Total
Assets	-----	-----	-----	-----
Cash in Bank	\$ 3,199,136	\$ 727,088	\$ 494,814	\$ 4,421,038
Investments	11	8	10	29
Accounts Receivable	84,153	3,298		87,451
Delinquent Tax Receivable	358,906			358,906
Allowance for Uncollectible Tax	(35,891)			(35,891)
Due from Other Funds	5,000			5,000
Inventory	1,429			1,429
Total Assets	\$ 3,612,744	\$ 730,395	\$ 494,824	\$ 4,837,963
	=====	=====	=====	=====
Liabilities and Fund Balance	-----	-----	-----	-----
Accounts Payable	\$ 397,781	\$ 73,890	\$	\$ 471,671
Other Current Liabilities	16,079			16,079
Due to Other Funds			494,824	494,824
Deferred Revenue	323,015			323,015
Total Liabilities	\$ 736,875	\$ 73,890	\$ 494,824	\$ 1,305,589
	-----	-----	-----	-----
Assigned for Retirement of L-T Debt	\$ 3,846	\$ 329,160	\$	\$ 333,006
Unassigned	2,872,024	327,344		3,199,368
Total Fund Balance	\$ 2,875,870	\$ 656,504	\$ -0-	\$ 3,532,374
	-----	-----	-----	-----
Total Liabilities & Fund Balance	\$ 3,612,744	\$ 730,395	\$ 494,824	\$ 4,837,963
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2011

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

Taxes	\$ 5,107,000	\$ 1,155,254	\$ 1,140,208	\$ 7,402,462
Charges for Services	470,352			470,352
Licenses & Permits	594			594
Commissions	38,396	518,837		557,233
Intergovernmental	148,560	76,163		224,723
Interest	28,960	5,083	4,603	38,646
Miscellaneous	71,103	182,856		253,958
-----	-----	-----	-----	-----
Total Revenues	\$ 5,864,965	\$ 1,938,193	\$ 1,144,811	\$ 8,947,969
-----	-----	-----	-----	-----
Expenditures				

District Judge	\$ 97,862	\$	\$	\$ 97,862
District Clerk	134,686			134,686
County Judge	127,757			127,757
County Clerk	245,146			245,146
Tax Assessor	181,813			181,813
County Treasurer	79,547			79,547
County Attorney	163,600			163,600
Justice of Peace				
Precinct No. 1-4	241,127			241,127
County Veterans & Welfare	57,320			57,320
Adult Probation	143			143
County Extension Office	101,667			101,667
County Sheriff	1,302,085			1,302,085
Jail	818,339			818,339
County Library	216,877			216,877
County Auditor	123,241			123,241
Non-Departmental	598,267			598,267
Maintenance	156,764			156,764
Ag & Community Centers	29,846			29,846
Public Safety	258,348			258,348
Information Services	20,781			20,781
Road and Bridge Pct # 1-4		1,915,381		1,915,381
Capital Outlays	416,195	203,150		619,345
Principal	3,219	64,798		68,016
Interest	530	11,454		11,983
-----	-----	-----	-----	-----
Total Expenditures	\$ 5,375,161	\$ 2,194,782	\$ -0-	\$ 7,569,943
-----	-----	-----	-----	-----

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2011

	General	Road and Bridge	LHC	Total
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 489,804	\$ (256,589)	\$ 1,144,811	\$ 1,378,026
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	\$ 27,500	\$ 99,300	\$	\$ 27,500
Proceeds From Capital Lease		200,000	8,749,025	8,949,025
Operating Transfers In			(9,893,836)	(10,309,057)
Operating Transfers Out	(415,221)			
Total Other Financing Sources (Uses)	\$ (387,721)	\$ 299,300	\$ (1,144,811)	\$ (1,233,232)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 102,083	\$ 42,711	\$ -0-	\$ 144,794
Fund Balance at Beginning of Year	\$ 2,771,337	613,793	-0-	3,385,131
Increase (Decrease) in Fund Balance	2,449			2,449
Fund Balance at End of Year	\$ 2,875,870	\$ 656,504	\$ -0-	\$ 3,532,374
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2011

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
ASSETS -----					
Cash	\$138,679	\$201,783	\$145,161	\$241,466	\$727,088
Investments	8				8
Accounts Receivable	825	825	825	825	3,298
Due From Other					-0-
TOTAL ASSETS	\$139,511 =====	\$202,608 =====	\$145,986 =====	\$242,290 =====	\$730,395 =====
LIABILITIES AND FUND BALANCE -----					
Accounts Payable	\$ 22,120	\$ 13,818	\$ 21,179	\$ 16,773	\$ 73,890
Due to Other					-0-
TOTAL LIABILITIES	\$ 22,120	\$ 13,818	\$ 21,179	\$ 16,773	\$ 73,890
Assigned for Retirement of L-T Debt	99,300	92,228	75,566	62,066	329,160
Unassigned	18,091	96,561	49,241	163,451	327,344
TOTAL FUND BALANCE	\$117,391 -----	\$188,789 -----	\$124,806 -----	\$225,517 -----	\$656,504 -----
TOTAL LIABILITIES AND FUND BALANCE	\$139,511 =====	\$202,608 =====	\$145,986 =====	\$242,290 =====	\$730,395 =====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2011

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 288,814	\$ 288,814	\$ 288,814	\$ 288,814	\$ 1,155,254	\$ 1,139,736	\$ 15,518
Car Tags	129,709	129,709	129,709	129,709	518,837	540,000	(21,163)
TOTAL TAX COLLECTOR	\$ 418,523	\$ 418,523	\$ 418,523	\$ 418,523	\$ 1,674,091	\$ 1,679,736	\$ (5,645)
OTHER REVENUE:							
Intergovernmental	\$ 19,041	\$ 19,041	\$ 19,041	\$ 19,041	\$ 76,163	\$ 72,378	\$ 3,785
Interest	807	1,623	1,073	1,581	5,083	2,350	2,733
Miscellaneous	57,295		123,800	1,760	182,856	4,000	178,856
Sale of Assets					-0-	20,000	(20,000)
TOTAL OTHER REVENUE	\$ 77,143	\$ 20,663	\$ 143,914	\$ 22,381	\$ 264,102	\$ 98,728	\$ 165,374
TOTAL REVENUE	\$ 495,666	\$ 439,186	\$ 562,437	\$ 440,904	\$ 1,938,193	\$ 1,778,464	\$ 159,729

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2011

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES:</u>							
Salaries:							
Commissioners	\$ 44,945	\$ 44,945	\$ 44,945	\$ 44,945	\$ 179,780	\$ 179,780	\$ -0-
Employees	145,434	98,204	148,016	109,247	500,900	587,723	86,823
Part-Time	25,508	20,573	29,370		75,451	36,250	(39,201)
Automobile Allowance	3,000		6,000		9,000	13,200	4,200
Social Security	16,526	12,518	17,344	11,627	58,014	63,158	5,144
Retirement	22,626	14,368	20,427	15,964	73,386	83,019	9,633
Group Hospital Insurance	32,927	22,211	26,976	26,342	108,456	130,920	22,464
Unemployment	360	7,709	371	2,520	10,959	955	(10,004)
Workmen's Comp.	8,007	5,852	8,465	5,269	27,593	30,933	3,340
Supplies/Other Operations	128	145	1,636		1,910	1,450	(460)
Furniture & Equipment	4,600		5,548		10,148	1,000	(9,148)
Vehicle Maintenance	2,153	10	1,914		4,077	7,250	3,173
Fuel & Oil	70,174	58,743	80,218	61,879	271,015	295,000	23,985
Car Tags					-0-	-0-	-0-
Equipment Parts & Repairs	61,706	62,762	97,015	44,815	266,298	190,000	(76,298)
Co. Highway Maintenance		27,774	17,154	37,994	82,922	120,000	37,078
Material & Supplies	17,143	8,440	119,759	17,436	162,778	119,500	(43,278)
Telephone	2,645	1,195	3,960	1,998	9,798	9,200	(598)
Utilities	2,574	1,355	3,756	1,536	9,221	9,700	479
Travel & Training	450	200	3,446	425	4,521	6,800	2,279
Soil Conservation	750	750	750	750	3,000	2,250	(750)
Contract/Professional Services	5,200	3,692	4,490	6,196	19,577	-0-	(19,577)
Rentals/Leases			4,247	13,609	17,857	13,501	(4,356)
Principal		28,490	17,134	19,173	64,798	64,799	1
Interest		4,659	3,660	3,135	11,454	6,797	(4,657)
Insurance & Bonds		178		178	355	5,159	4,804
Auto & Liability Insurance	2,663	1,578	2,136	1,990	8,367	8,919	552
Capital Outlays	89,350		14,500		103,850	216,850	113,000
 TOTAL EXPENDITURES	 \$ 558,869	 \$ 426,349	 \$ 683,237	 \$ 427,027	 \$ 2,095,482	 \$ 2,204,113	 \$ 108,631

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2011

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2010	\$130,595	\$125,953	\$195,606	\$161,640	\$ 613,793
ADD: Revenue	495,666	439,186	562,437	440,904	1,938,193
DEDUCT: Expenditures	(558,869)	(426,349)	(683,237)	(427,027)	(2,095,482)
TRANSFERS IN (OUT)	50,000	50,000	50,000	50,000	200,000
FUND BALANCE (DEFICIT) September 30, 2011	=====	=====	=====	=====	=====
	\$117,391	\$188,789	\$124,806	\$225,517	\$ 656,504

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2011

	District Clerk	County Clerk	County Treasurer	County Attorney	Justice of the Peace	Sheriff	Total
<u>ASSETS</u>							
Cash & Cash Equivalents	\$ 141,993	\$ 39,174	\$ 15,207	\$ 5,072	\$ 8,634	\$ 13,215	\$ 223,295
	-----	-----	-----	-----	-----	-----	-----
TOTAL ASSETS	\$ 141,993	\$ 39,174	\$ 15,207	\$ 5,072	\$ 8,634	\$ 13,215	\$ 223,295
	=====	=====	=====	=====	=====	=====	=====
<u>LIABILITIES</u>							
Due to Other Groups	\$ 82,559	\$ 39,174	\$ 15,207	\$ 5,072	\$ 8,634	\$ 13,215	\$ 163,861
Due to Trust Beneficiaries	59,434						59,434
	-----	-----	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 141,993	\$ 39,174	\$ 15,207	\$ 5,072	\$ 8,634	\$ 13,215	\$ 223,295
	=====	=====	=====	=====	=====	=====	=====

OTHER SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
SCHEDULE OF INVESTMENTS-ALL FUNDS
SEPTEMBER 30, 2011

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

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

Total		\$ 29
		=====

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2011

	Balance 9-30-10	Additions	Deletions	Balance 9-30-11
<u>Precinct #1</u>				
JD 4040 Tractor	\$ 24,360	\$	\$	\$ 24,360
JD 410B Backhoe SN723439 (9-86)	43,800			43,800
1989 Mack Dump Truck	47,000			47,000
1991 Chevy Pickup SN130341 (5-91)	13,805			13,805
Used Grid Roller (4-93)	12,500			12,500
Mack Truck (4-93)	7,500			7,500
Bottom Dump Trailer (4-93)	21,500			21,500
Ripper (9-93)	7,750			7,750
1968 Mack Truck (10-94)	5,650			5,650
1977 Dodge Tank Truck T81HZ3T (1-96)	7,000			7,000
Radio Equipment (3-96)	10,107			10,107
938 G Caterpillar (9-98)	85,000			85,000
1999 Dump Truck - # 0383 (853)	23,500			23,500
1999 Dump Truck - # 0382 (854)	23,500			23,500
2000 Chev P/U Model K2500	22,093			22,093
1996 Mack Truck - #57132	13,000			13,000
1996 Mack Truck - #57136	13,000			13,000
1997 Mack Truck - #65596	15,000			15,000
Caterpillar Escavator - #9RL00289 (960)	64,942			64,942
Jeep Truck Wrecker	5,100			5,100
2003 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
2009 CAT 140M Mtr Grader # B9D01781	167,430			167,430
1996 JD 8300 Tractor #05757	45,000			45,000
Bush Hog Shredder #01806		13,850		13,850
2007 Chevy K1500 P/U #83547		12,500		12,500
CAT 140M Mtr Grader #B9D02600		179,227		179,227
 Total Equipment	 \$1,041,107	 \$ 205,577	 \$ 92,329	 \$1,154,355
 Lots	 900			 900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
 Total Pct # 1	 \$1,080,533	 \$ 205,577	 \$ 92,329	 \$1,193,781

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2011

	Balance 9-30-10	Additions	Deletions	Balance 9-30-11
<u>Precinct #2</u>				
1978 Mack W/Dump 72266	\$ 28,610	\$	\$	\$ 28,610
1987 3/4 Ton Pickup	9,350			9,350
1982 Clements Dump Trailer SN 1B3BM1 (4-91)	14,000			14,000
1 - Roller Grid	13,800			13,800
1995 Chevy ¾ Ton Pickup (4-94)	15,709			15,709
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
1989 Mack - #7057 (855)	24,000			24,000
938 G Cat Wheel Loader #47501647	75,000			75,000
140 H Version Mtr Grader #22K05067	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
2002 Chevy P/U #16678	10,500			10,500
JD 4240 Tractor #26064	24,750			24,750
CAT 140H MTR Grader #CCA04113	74,143			74,143
2006 Chevy P/U #166231	10,000			10,000
CAT 140M MTR Grader #B9D01929	179,357			179,357
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equipment	\$ 903,929	\$ -0-	\$ -0-	\$ 903,929
	<hr/>	<hr/>	<hr/>	<hr/>
Land	1,450			1,450
Barn	19,618			19,618
	<hr/>	<hr/>	<hr/>	<hr/>
Total Pct # 2	\$ 924,997	\$ -0-	\$ -0-	\$ 924,997
	<hr/>	<hr/>	<hr/>	<hr/>

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2011

	Balance 9-30-10	Additions	Deletions	Balance 9-30-11
<u>Precinct #3</u>				
Shredder #930458 (12-87)	\$ 5,000	\$	\$	\$ 5,000
1980 Timple Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timple Beal Belly Dump Trailer	10,500			10,500
Campac Packers (4-95)	5,000			5,000
544H JD Loader - #1267 (850)	97,500			97,500
1986 Cherokee Truck - #9514 (859)	6,000			6,000
JD 4440 Tractor (868)	6,700			6,700
Bush Hog Flex-Wing Shredder #12-09661	8,500			8,500
1988 Mack Truck	10,000			10,000
140H CAT - #7096 (974)	117,000			117,000
Caterpillar 140H Grader	96,642			96,642
Road Groom Machine	13,264			13,264
2000 Chevy Z71 P/U #22590	5,000			5,000
Volvo G930 MTR Grader #70090	49,144			49,144
2002 Ford F-150 #96290	5,157			5,157
2004 Chevy #85450	5,700			5,700
AMCO LOF-2424 Harrow Disc	6,000			6,000
JD 4440 Tractor Repairs (868)	12,375			12,375
2001 CPS Belly Dump Trlr #003481	9,750			9,750
1997 Mack Truck #078253	29,950			29,950
Caterpillar 140H Mtr Grader #CCA01056	182,700			182,700
2000 Peterbilt Truck #86021		7,500		7,500
2000 Peterbilt Truck #85988		7,000		7,000
Total Equipment	\$ 697,382	\$ 14,500	\$ -0-	\$ 711,882
Iron Clad Barn	10,000			10,000
Total Pct # 3	\$ 707,382	\$ 14,500	\$ -0-	\$ 721,882

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2011

	Balance 9-30-10	Additions	Deletions	Balance 9-30-11
<u>Precinct #4</u>				
1974 Mack Truck SN 22339 (9-84)	\$ 13,750	\$	\$	\$ 13,750
Hyster Grid Roller SN301600L (3-86)	16,500			16,500
1988 GMC Pickup SN575697 (4-88)	11,388			11,388
Rhino Rotary Cutter Shredder - SN 10117	6,500			6,500
1984 Mack Truck SN 087417 (3-91)	22,690			22,690
1988 Cat Backhoe SN5PC06404	19,000			19,000
Ripper W/Pushblock (864)	8,739			8,739
140H 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)	129,550			129,550
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
Cat Wheel Loader #CRD01861	129,700			129,700
Total Equipment	\$ 919,387	\$ -0-	\$ -0-	\$ 919,387
Land	2,000			2,000
Barn	10,000			10,000
Total Pct #4	\$ 931,387	\$ -0-	\$ -0-	\$ 931,387

OFFICE OF THE TAX ASSESSOR-COLLECTOR

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2010 ROLL
For The Year Ended September 30, 2011

Roll

Taxable Value	\$943,028,186
	=====

Tax Levy	\$ 7,490,473
----------	--------------

Collections

October 1, 2010 thru	
June 30, 2011	7,353,714

Balance June 30, 2011	\$ 136,759
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2011

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

Total Tax Per \$100 Valuation	\$.7943	100.00
	=====	=====
Distribution as Follows:		
General Fund	\$.5483	\$ 69.03
General Road & Bridge	.1240	15.61
Hospital	.1220	15.36
	-----	-----
County Tax Rate	\$.7943	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2011

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-10	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-11
2002 & Prior Years	Various	Various	\$ 24,393	\$	\$ 1,112	\$ (2,385)	\$ 20,896
2003	.6250	858,256,562	8,510		395	(274)	7,841
2004	.6687	866,796,982	8,828		748	(364)	7,716
2005	.7642	795,374,475	11,409		1,474	(469)	9,466
2006	.7642	808,383,279	17,330		5,183	(472)	11,675
2007	.7967	796,528,948	27,277		7,049	(1,805)	18,423
2008	.7943	803,447,816	40,317		13,362	(437)	26,518
2009	.7943	868,857,728	69,271		25,523	(454)	43,294
2010	.7943	884,643,365	144,880		68,120	(442)	76,318
2011 (Year Under Audit)	.7943	943,028,186		7,490,473	7,353,714		136,759
TOTALS			\$ 352,215	\$ 7,490,473	\$ 7,476,680	\$ (7,102)	\$ 358,906

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

Webb, Webb, and Wright
Certified Public Accountants

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

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

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

August 15, 2012

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, the business-type activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2011, which collectively comprise Lamb County's basic financial statements and have issued our report thereon dated August 15, 2012. 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of Lamb County's financial statements will not be prevented, or detected and corrected on a timely basis.

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 – August 15, 2012

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider 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, 2011

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, 2011

<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, 2011

None