

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2012

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2012

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
Richard B. Wright, CPA

June 17, 2013

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, 2012, 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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lamb County - June 17, 2013

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2013 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, 2012. 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 \$9,472,913 to \$10,073,897. 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 \$4,772,314 at September 30, 2012.

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 \$1,191 prior period adjustment as disclosed in Note 13.

The net assets of our business-type activities increased by \$331,159. 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
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	5,522	4,727	2,971	3,083	8,493	7,810	8.7%
Capital assets	5,702	5,785	2,228	1,914	7,930	7,699	3.0%
Total assets	11,224	10,512	5,199	4,997	16,423	15,509	5.9%
Long-term liabilities	280	244			280	244	14.8%
Other liabilities	870	795	996	1,125	1,866	1,920	-2.8%
Total liabilities	1,150	1,039	996	1,125	2,146	2,164	-0.8%
Net assets:							
Invested in capital assets, net of related debt	5,302	5,452	2,228	1,888	7,530	7,340	2.6%
Restricted					-0-	-0-	0.0%
Unrestricted	4,772	4,021	1,975	1,984	6,747	6,005	12.4%
Total net assets	10,074	9,473	4,203	3,872	14,277	13,345	7.0%

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Net program revenues:							
Charges for services	678	559	6,493	9,059	7,171	9,618	-25.4%
Operating grants and contributions	614	596		10	614	606	1.3%
Capital grants and contributions					-0-	-0-	0.0%
General revenues:							
Property taxes	7,575	7,400			7,575	7,400	2.4%
Licenses and permits		1			-0-	1	-100.0%
Commissions	550	557			550	557	-1.3%
Grants and contributions not restricted			413		413	-0-	100.0%
Unrestricted investments earnings	80	41	11	5	91	46	97.8%
Other revenues	143	262	1,793	190	1,936	452	328.3%
Total revenues	9,641	9,415	8,710	9,264	18,351	18,679	-1.8%
Expenses:							
General government	1,213	1,251			1,213	1,251	-3.0%
Financial	396	385			396	385	2.9%
Judicial	469	491			469	491	-4.5%
Legal	208	216			208	216	-3.7%
Public safety	2,986	2,848			2,986	2,848	4.8%
Facilities	171	157			171	157	8.9%
Public welfare	65	60			65	60	8.3%
Culture/Recreation	380	592			380	592	-35.8%
Road and Bridge	1,797	2,160			1,797	2,160	-16.8%
Health			9,691	10,286	9,691	10,286	-5.8%
Interest on long-term debt	12	12			12	12	0.0%
Total expenses	7,697	8,172	9,691	10,286	17,388	18,458	-5.8%

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
Increase(decrease)in net assets before special items and transfers	1,944	1,243	(981)	(1,022)	963	221	335.7%
Gain (Loss) on Sale of Capital Assets	(32)	(29)			(32)	(29)	10.3%
Transfers	(1,312)	(1,145)	1,312	1,145	-0-	-0-	0.0%
Change in net assets	600	69	331	123	931	192	384.9%
Net assets-beginning	9,473	9,361	3,872	3,749	13,345	13,111	1.8%
Increase (Decrease) in Net Assets	1	42			1	42	-97.6%
Net assets-ending	10,074	9,403	4,203	3,872	14,277	13,345	7.0%

The County's governmental revenues increased by \$225,460 this year. The total cost of governmental programs and services decreased by \$474,906 this year. The County's business revenues decreased by \$554,226 this year. The total cost of business programs and services decreased by \$595,589 this year.

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

- Current year property tax revenues increased by \$176,112 over previous year collections. This increase is the result of increases to the tax base that totaled over \$56 million. The increase in property tax revenue was used to fund health insurance increases, the county wide computer system and a new air conditioning system at the Lamb Healthcare Center.
- Fee office collections decreased \$45,757 or 9.7% over prior year collections. There were increases in Sheriff's fees, Justice of the Peace #3 fees, Justice of the Peace #4 fees and Tax Office fees.
- Total expenses decreased during the year. A portion of this decrease is reflected in the non-departmental area of the budget. The non-departmental budget saw decreases in capital outlay and contract professional services. There were also decreases in the Road and Bridge expenditures as repairs from Hurricane Alex were completed. There were increases in retirement expense, employee medical benefits and funding for Lamb Healthcare Center.

The cost of all governmental and business-type activities this year was \$17,387,638. 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 \$8,124,855 because \$7,171,169 of the costs were paid by those who directly benefited from the programs and \$613,910 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 \$4,658,429, which is significantly above last year's total of \$3,897,515. Included in this year's total change in fund balance is a net increase of \$724,963 in the County's General Fund.

Total tax revenue including delinquent taxes increased \$438,359 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 decreased over prior year totals. The primary areas of decreases were in capital outlay and road repair expenditures. 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 funding for the Lamb Healthcare Center.

General Fund Budgetary Highlights

The County's General Fund balance of \$4,257,587 differs from the General Fund's budgetary fund balance of \$2,721,125. 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 Texas Department of Agriculture 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 \$626,380 and the actual excess was \$2,131,124. 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 14.11%. Overall fee collections for FY 2012 compared to FY 2011 were more due to an increase in traffic citations issued.
- Total general fund expenditures were 24.83% less than the ending budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the County had \$16,546,992 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	\$ 29,850
Machinery & Equipment	204,170
Vehicles	339,915
Office Equipment	125,494

Total	\$ 699,429
	=====

The purchase of a new county wide computer system continued this year with an initial investment of \$562,341 in the prior fiscal years and \$100,000 investment this fiscal year. The Sheriff's Office purchased several new vehicles. There was one motor grader purchased.

The County will renovate the dispatch area of the Sheriff's office for the consolidated dispatching project and will begin a renovation project for the courthouse in the next fiscal year with no plans to incur any new debt to finance said capital expenditure.

Debt

At year-end, the County had \$400,036 in outstanding governmental debt versus \$333,006 last year.

More detailed information about the County's long-term liabilities is presented in Note 9 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 2013 budget and tax rates such as the following:

- The County will be taking over the 911 dispatch duties as well as the dispatch duties for the City of Littlefield. Money was budgeted for 4 additional dispatchers as well as for renovations to the sheriff's office. The City of Littlefield will be funding \$93,750 for the consolidated dispatching.
- Additional money was also budgeted in contract/professional services for possible litigation expense and renovations for the courthouse.
- A 3% cost of living pay increase was approved for all elected and full time employees for fiscal year 2013. There were also budget increases for retirement and health insurance due to increased cost. The increase for retirement covered an increase in benefits for employees. The county match for employees will change January 2013 from 1.75 to 2.00. The county will fund a large portion of this change with a lump sum payment of \$82,015.

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, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 6,288,113	\$ 69,800	\$ 6,357,913
Investments	29		29
Receivables (net of allowance for uncollectibles)	468,750	1,095,536	1,564,286
Internal balances	(1,241,871)	1,241,871	-0-
Due from other funds	7,001		7,001
Inventories	327	291,617	291,944
Prepays and other current assets		271,937	271,937
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and improvements	2,915,530	797,953	3,713,483
Machinery and equipment	552,615	771,564	1,324,179
Vehicles	742,699		742,699
Office equipment	806,854		806,854
Capital Leases	650,639		650,639
Construction in progress		597,222	597,222
Total Capital Assets	\$ 5,701,307	\$ 2,228,561	\$ 7,929,868
TOTAL ASSETS	\$ 11,223,656	\$ 5,199,322	\$ 16,422,978
LIABILITIES			
Accounts payable and other current liabilities	\$ 303,135	\$ 699,067	\$ 1,002,202
Accrued liabilities		297,020	297,020
Due to Others	1,348		1,348
Deferred revenue	445,240		445,240
Noncurrent liabilities:			
Due within one year	119,943		119,943
Due in more than one year	280,093		280,093
TOTAL LIABILITIES	\$ 1,149,759	\$ 996,087	\$ 2,145,846
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,301,583	\$ 2,228,561	\$ 7,530,144
Unrestricted	4,772,314	1,974,674	6,746,988
TOTAL NET ASSETS	\$ 10,073,897	\$ 4,203,235	\$ 14,277,132

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

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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	\$ 1,213,072	\$ 162,300	\$ 19,003	\$	\$ (1,031,769)	\$	\$ (1,031,769)
Financial	396,426	81,632			(314,794)		(314,794)
Judicial	468,790	274,561	16,202		(178,027)		(178,027)
Legal	208,153	24,599	59,073		(124,481)		(124,481)
Public safety	2,985,547	134,097	331,350		(2,520,100)		(2,520,100)
Facilities	170,536				(170,536)		(170,536)
Public welfare	64,854	752			(64,102)		(64,102)
Culture/Recreation	379,801				(379,801)		(379,801)
Road and Bridge	1,797,365		188,282		(1,609,083)		(1,609,083)
Interest on long-term debt	12,441				(12,441)		(12,441)
Total Governmental Activities	\$ 7,696,986	\$ 677,942	\$ 613,910	\$ -0-	\$ (6,405,134)	\$ -0-	\$ (6,405,134)
Business – Type Activities:							
Health	\$ 9,690,652	\$ 6,493,227	\$	\$	\$	\$ (3,197,425)	\$ (3,197,425)
Total Business-Type Activities	\$ 9,690,652	\$ 6,493,227	\$ -0-	\$ -0-	\$ -0-	\$ (3,197,425)	\$ (3,197,425)
TOTAL PRIMARY GOVERNMENT	\$ 17,387,638	\$ 7,171,169	\$ 613,910	\$ -0-	\$ (6,405,134)	\$ (3,197,425)	\$ (9,602,559)
General Revenues:							
Property taxes					\$ 7,574,521	\$	\$ 7,574,521
Licenses and permits							-0-
Commissions					550,334		550,334
Grants and contributions not restricted to specific programs						412,875	412,875
Investment earnings					80,426	10,851	91,277
Miscellaneous					143,467	1,793,015	1,936,482
Gain (Loss) on sale of capital assets					(31,979)		(31,979)
Transfers					(1,311,843)	1,311,843	-0-
Total general revenues and transfers					\$ 7,004,926	\$ 3,528,584	\$ 10,533,510
Change in net assets					\$ 599,793	\$ 331,159	\$ 930,952
Net assets – beginning					9,472,913	3,872,076	13,344,989
Increase (Decrease) in Net Assets					1,191		1,191
Net assets – ending					\$ 10,073,897	\$ 4,203,235	\$ 14,277,132

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

LAMB COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 5,939,089	\$ 349,024	\$ 6,288,113
Investments	29		29
Accounts Receivable	81,989	67,226	149,215
Delinquent Tax Receivable	355,039		355,039
Allowance for Uncollectible Tax	(35,504)		(35,504)
Due From Other Funds	21,864	2	21,866
Inventory	327		327
Total Assets	<u>\$ 6,362,832</u>	<u>\$ 416,253</u>	<u>\$ 6,779,085</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 267,343	\$ 14,062	\$ 281,405
Other Current Liabilities	21,730		21,730
Due to Other Funds	1,256,735	1	1,256,736
Due to Others		1,348	1,348
Deferred Revenue	559,437		559,437
Total Liabilities	<u>\$ 2,105,246</u>	<u>\$ 15,411</u>	<u>\$ 2,120,656</u>
<u>FUND BALANCE</u>			
Restricted	\$	\$ 386,827	\$ 386,827
Assigned for Retirement of L-T Debt	400,036		400,036
Assigned for Other Purposes		14,015	14,015
Unassigned	3,857,551		3,857,551
Total Fund Balances	<u>\$ 4,257,587</u>	<u>\$ 400,842</u>	<u>\$ 4,658,429</u>
Total Liabilities and Fund Balance	<u>\$ 6,362,832</u>	<u>\$ 416,253</u>	<u>\$ 6,779,085</u>
	=====	=====	=====

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, 2012

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

Total fund balances - governmental fund balance sheet	\$ 4,658,429
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,701,307
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	114,197
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(400,036)

Total net assets of governmental activities - statement of net assets	\$ 10,073,897
	=====

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, 2012

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
REVENUES			
Taxes	\$ 7,582,912	\$ 495	\$ 7,583,407
Charges for Services	516,110	161,832	677,942
Licenses & Permits			-0-
Commissions	550,334		550,334
Intergovernmental	332,644	281,267	613,910
Interest on Investments	76,361	4,065	80,426
Miscellaneous	137,653	2,821	140,474
	-----	-----	-----
Total Revenues	\$ 9,196,012	\$ 450,480	\$ 9,646,492
	-----	-----	-----
EXPENDITURES			
Current Operating:			
District Judge	\$ 65,048	\$	\$ 65,048
District Clerk	140,415		140,415
County Judge	139,471		139,471
County Clerk	226,962		226,962
Tax Assessor	188,023		188,023
County Treasurer	80,373		80,373
County Attorney	157,034		157,034
Justice of Peace - Pct #1-4	254,023		254,023
County Veterans & Welfare	64,854		64,854
Adult Probation	145		145
County Extension Office	110,483		110,483
County Sheriff	1,278,929		1,278,929
Jail	831,021		831,021
County Library	228,061		228,061
County Auditor	128,030		128,030
Non-Departmental	480,477		480,477
Maintenance	170,536		170,536
Ag & Community Centers	35,715		35,715
Public Safety	103,476		103,476
Information Services	76,840		76,840
Road and Bridge - Pct #1-4	1,557,296		1,557,296
Bail Bond Board Account			-0-
Jury Fund		2,068	2,068
Grants Fund		4,003	4,003
Library Grants			-0-
Emergency Food & Shelter			-0-
Child Abuse Prevention/Family Protection Fund			-0-
Courthouse Security Fund		1,801	1,801
Commissioners Court RPF			-0-
County Clerk RPF		70,110	70,110
District Clerk RPF			-0-
County & District Tech Fund			-0-
District Courts Tech/Archive Fund			-0-
JP Technology Fund		5,435	5,435

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, 2012

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
JP Security Fund			-0-
Juvenile Probation Fund		415,078	415,078
Stand Grant Fund		101,902	101,902
Title IV-E Fund		5,119	5,119
Lamb County 4-H Action Fund			-0-
County Clerk Election Fund			-0-
VCLG Grant Fund		28,107	28,107
Pre-Trial Diversion Fund		6,495	6,495
DWI Video Fund			-0-
County Attorney Drug Forfeiture		7,192	7,192
County Attorney Hot Check Fee Fund		9,325	9,325
Sheriff Commissary Fund		14,318	14,318
Sheriff Forfeiture Fund-State		117	117
Sheriff Forfeiture Fund-Federal			-0-
County Library		5,542	5,542
Historical Commission			-0-
Capital Projects Fund			-0-
Capital Outlays	645,735	15,950	661,685
Debt Service:			
Principal	89,501		89,501
Interest	12,441		12,441
Total Expenditures	\$ 7,064,888	\$ 692,562	\$ 7,757,451
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,131,124	\$ (242,082)	\$ 1,889,042
OTHER FINANCING SOURCES (USES)			
Proceeds From Sale of Capital Assets	\$ 23,000	\$	\$ 23,000
Proceeds From Capital Lease	159,524		159,524
Operating Transfers In	9,203,194	287,491	9,490,685
Operating Transfers Out	(10,791,880)	(10,648)	(10,802,528)
Total Other Financing Sources (Uses)	\$ (1,406,162)	\$ 276,843	\$ (1,129,319)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 724,963	\$ 34,760	\$ 759,723
Fund Balances - Beginning	3,532,374	365,141	3,897,515
Increase (Decrease) in Fund Balance	250	941	1,191
Fund Balances - Ending	\$ 4,257,587	\$ 400,842	\$ 4,658,429
	=====	=====	=====

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, 2012

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

Net change in fund balances - total governmental funds.	\$ 759,723
Capital outlays are not reported as expenses in the SOA.	699,429
The net effect of sales or other dispositions of capital assets is to decrease net assets.	(92,723)
Capital asset depreciation used in governmental activities is not reported in the funds.	(690,720)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	(8,886)
Proceeds from capital lease are not reported as revenue in the SOA	(159,524)
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.	89,501
Canceled capital lease indebtedness is not reported as revenue in the funds.	2,993

Change in net assets of governmental activities.	\$ 599,793
	=====

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

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2012

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 69,800
Patients Accounts Receivable, Net of Allowances	719,827
Estimated Third-Party Payer Settlements	375,709
Other Receivable - Lamb County	1,241,871
Inventory of Supplies	291,617
Prepaid Expenses and Other Current Assets	271,937

Total Current Assets	\$ 2,970,761

CAPITAL ASSETS

Net of Accumulated Depreciation	2,228,561

Total Assets	\$ 5,199,322

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES

Accounts Payable	\$ 480,046
Accrued Payroll, Benefits and Payroll Liabilities	297,020
Other Current Liabilities	219,021

Total Current Liabilities	\$ 996,087

Total Liabilities	\$ 996,087

NET ASSETS

Invested in Capital Assets Net of Related Debt	\$ 2,228,561
Unrestricted	1,974,674

Total Net Assets	\$ 4,203,235
	=====

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, 2012

OPERATING REVENUES

Net Patient Service Revenue (Net of Provision for Bad Debts of \$1,114,628)	\$ 6,493,227
Other Operating Revenue	1,765,460

Total Operating Revenues	\$ 8,258,687

OPERATING EXPENSES

Salaries and Wages	\$ 4,113,995
Employee Benefits	603,619
Professional Fees and Purchased Services	2,635,089
Supplies and Other	1,797,468
Depreciation and Amortization	383,281

Total Operating Expenses	\$ 9,533,452

Operating Income (Loss)	\$ (1,274,765)
-------------------------	----------------

NON-OPERATING REVENUES (EXPENSES)

Tobacco Settlement Revenue	\$ 27,555
Non-Capital Grants and Contributions	412,875
Gain on Sale of Assets	-0-
Interest Income	10,851
Interest Expense	(1,153)

Total Non-operating Revenues (Expenses)	\$ 450,128

Income (Loss) Before Capital Grants and Contributions & County Subsidies	\$ (824,637)
Capital Grants and Contributions	-0-
County Subsidies	1,155,796

Increase (Decrease) in Net Assets	\$ 331,159
Net Assets - Beginning	3,872,076

Net Assets - Ending	\$ 4,203,235
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 6,857,566
Payments to Suppliers and Contractors	(4,463,238)
Payments to Employees	(4,684,662)
Other Receipts and Payments, Net	2,178,093

Net Cash Provided(Used) by Operating Activities	\$ (112,241)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Invested in Funds Held by Lamb County	\$ (747,047)
Proceeds From County Subsidies	1,155,796
Proceeds From Non-Capital Grants and Contributions	412,875
Proceeds From Tobacco Settlement	27,555

Net Cash Provided(Used) by Non-Capital Financing Activities	\$ 849,179

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (697,821)
Principal Paid on Capital Lease Obligations	(26,378)
Interest Paid	(1,153)
Proceeds From Capital Grants and Contributions	-0-

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (725,352)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	\$ 10,851

Net Cash Provided(Used) by Investing Activities	\$ 10,851

Net Increase(Decrease) in Cash and Cash Equivalents	\$ 22,438
Cash and Cash Equivalents at the Beginning of Year	47,362

Cash and Cash Equivalents at the End of Year	\$ 69,800
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2012

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH	
USED BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (1,274,765)
Adjustments to Reconcile Operating Income(Loss) to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	383,281
Provision for Bad Debt	1,114,628
(Increase)Decrease in:	
Accounts Receivable	(663,707)
Estimated Third-Party Payer Settlement	10,614
Prepaid Expenses and Other Current Expenses	420,493
Increase(Decrease) in:	
Accounts Payable	(38,487)
Accrued Salaries and Benefits	32,952
Other Accrued Liabilities	(97,250)

Net Cash Provided(Used) by Operating Activities	\$ (112,241)

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

LAMB COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
SEPTEMBER 30, 2012

	Agency Funds -----
ASSETS:	
Cash and Cash Equivalents	\$ 239,091 -----
Total Assets	\$ 239,091 -----
LIABILITIES:	
Due to Other Groups	\$ 171,788
Due to Trust Beneficiaries	67,303 -----
Total Liabilities	\$ 239,091 -----

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the services provided by the County to residents and businesses within its boundaries. In evaluating the County's reporting entity in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, management has included all organizations that make up the County's legal entity and all component units. Consistent with applicable guidance, the criteria used by the County to include component units within its reporting entity are financial accountability and 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, 2012

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.

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 are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

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

Statement No. 34 also requires 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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

B. BASIS OF PRESENTATION (continued)

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

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

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

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, 2012

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, 2012

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, 2012

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, 2012

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 9-30-12 was \$107,625.

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, 2012

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, 2012

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 11-12 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") coverage.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Cash Deposits:

At September 30, 2012, the carrying amount of the County's total deposits (cash, certificates of deposit, and interest-bearing savings accounts) included in cash was \$6,357,913 and the bank balance was \$6,785,478. The County's cash deposits with financial institutions at September 30, 2012 and during the year ended September 30, 2012, 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 depository bank is Aimbank - Littlefield, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$10,000,000.
- c. Largest cash, savings and time deposits combined account balance amounted to \$9,618,041 and occurred during the month of February 2012.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$566,499.

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, 2012

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, 2012

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, 2012

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, 2012

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, 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	11,800		(11,800)	-0-
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 44,770	\$ -0-	\$ (11,800)	\$ 32,970
	-----	-----	-----	-----
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 9,485,487	\$ 41,650	\$	\$ 9,527,137
Machinery and equipment	2,322,776	50,000	(129,550)	2,243,226
Vehicles	1,871,413	339,915	(221,971)	1,989,357
Office equipment	1,803,656	110,500		1,914,156
Capital leases	683,432	169,164	(12,449)	840,147
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 16,166,763	\$ 711,229	\$ (363,970)	\$ 16,514,022
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings and improvements	\$ (6,485,508)	\$ (126,099)	\$	\$ (6,611,606)
Machinery and Equipment	(1,666,862)	(143,659)	119,910	(1,690,611)
Vehicles	(1,246,263)	(146,397)	146,002	(1,246,658)
Office equipment	(909,504)	(197,798)		(1,107,302)
Capital leases	(118,076)	(76,767)	5,335	(189,508)
	-----	-----	-----	-----
Total accumulated depreciation	\$ (10,426,212)	\$ (690,720)	\$ 271,247	\$ (10,845,685)
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 5,740,551	\$ 20,509	\$ (92,723)	\$ 5,668,337
	-----	-----	-----	-----
Governmental activities capital assets, net	\$ 5,785,321	\$ 20,509	\$ (104,523)	\$ 5,701,307
	=====	=====	=====	=====

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

General government	\$ 215,209
Public safety	235,442
Highways and streets	240,069

	\$ 690,720
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 8: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Revenue Description	Fund	Deferred Amount
-----	-----	-----
Net Tax Revenue	General	\$ 319,535
Insurance Claim Proceeds	General	239,901

Total Deferred Revenue		\$ 559,437
		=====

NOTE 9: OPERATING/CAPITAL LEASES

The County has entered into various 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, 2012 as follows:

Year Ending	

2013	\$ 27,050
2014	18,684
2015	14,819
2016	10,396
2017	2,563

Total Minimum Rental Payments	\$ 73,512
	=====
Rental Expenditures in FYE 2012	\$ 27,896
	=====

In FYE 2009, the County entered into a lease agreement on a Sharp MX2700 copier. This lease agreement qualified as a capital lease for accounting purposes and, therefore, had been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 9.43%. Commitments under this capitalized lease agreement expired during the current year. The amount of interest paid in the current year was \$84.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 9: OPERATING/CAPITAL LEASES (continued)

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 \$2,402. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2012 as follows:

Year Ending	

2013	\$ 22,308
2014	22,308

Total Minimum Lease Payments	\$ 44,616
Less Amount Representing Interest	(2,456)

Present Value - Minimum Lease Payments	\$ 42,160
	=====

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 \$3,569. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2012 as follows:

Year Ending	

2013	\$ 33,149
2014	33,148

Total Minimum Lease Payments	\$ 68,297
Less Amount Representing Interest	(3,649)

Present Value - Minimum Lease Payments	\$ 62,648
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 9: OPERATING/CAPITAL LEASES (continued)

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 \$2,992. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2012 as follows:

Year Ending	

2013	\$ 20,794
2014	20,794
2015	20,795

Total Minimum Lease Payments	\$ 62,383
Less Amount Representing Interest	(4,620)

Present Value - Minimum Lease Payments	\$ 57,763
	=====

In FYE 2011, the County entered into an equipment lease-purchase agreement on a Caterpillar Model 140M Motor Grader for Precinct #1. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.41%. The amount of interest paid in the current year was \$3,395. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2012 as follows:

Year Ending	

2013	\$ 21,943
2014	21,943
2015	21,943
2016	21,942

Total Minimum Lease Payments	\$ 87,771
Less Amount Representing Interest	(7,018)

Present Value - Minimum Lease Payments	\$ 80,752
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 9: OPERATING/CAPITAL LEASES (continued)

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

Year Ending	

2013	\$ 3,748
2014	3,748
2015	3,748
2016	938

Total Minimum Lease Payments	\$ 12,183
Less Amount Representing Interest	-0-

Present Value - Minimum Lease Payments	\$ 12,183
	=====

During the current year, the County entered into an equipment lease-purchase agreement on a JD 770G Motor Grader for Precinct #4. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date with an annual interest rate of 3.25%. The amount of interest paid in the current year was \$-0-. Commitments under this capitalized lease agreement provide for future minimum lease payments as of September 30, 2012 as follows:

Year Ending	

2013	\$ 31,784
2014	31,784
2015	31,784
2016	31,784
2017	31,786

Total Minimum Lease Payments	\$ 158,922
Less Amount Representing Interest	(14,392)

Present Value - Minimum Lease Payments	\$ 144,530
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 10: LONG-TERM DEBT

Changes in Long-Term Liabilities:

	Balance 10-01-11	Increase	Decrease	Balance 09-30-12	Amounts Due Within One Year
	-----	-----	-----	-----	-----
Capital Leases	\$ 333,006	\$ 159,524	\$ 92,494	\$ 400,036	\$ 119,943
	-----	-----	-----	-----	-----
Total Long-Term Liabilities	\$ 333,006	\$ 159,524	\$ 92,494	\$ 400,036	\$ 119,943
	=====	=====	=====	=====	=====

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

NOTE 11: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2012 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 1,241,871
General Fund	LHC	14,864
General Fund	Agency Funds	7,000
Other Governmental Funds	Other Governmental Funds	1
Other Governmental Funds	Agency Funds	1

		\$ 1,263,737
		=====

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 11: INTERFUND BALANCES AND ACTIVITIES (continued)

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2012 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
General Fund	LHC	\$ 9,192,586
General Fund	Other Governmental Funds	287,451
LHC	General Fund	10,351,929
Other Governmental Funds	General Fund	10,608
Other Governmental Funds	Other Governmental Funds	40

		\$ 19,842,614
		=====

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

NOTE 12: DEFICIT IN FUND BALANCE/NET ASSETS

The following individual nonmajor fund reported a deficit in Fund Balance/Net Assets as of September 30, 2012 as follows:

STAND Grant Fund	\$ 83

	\$ 83
	=====

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 fund:

Lamb County Historical Commission	\$ 1,191

	\$ 1,191
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

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 2012, 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.

NOTE 16: SUBSEQUENT EVENTS

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

NOTE 17: COMMITMENTS AND CONTINGENCIES

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

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;

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 17: COMMITMENTS AND CONTINGENCIES (continued)

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. 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, 2012.

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 624 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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 19: PENSION BENEFIT PLAN (continued)

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 2011, and 10.61% for the months of the accounting year in 2012. The contribution rate payable by the employee members for fiscal year 2012 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Schedule of Funding Information:

Actuarial Valuation Date	12-31-09	12-31-10	12-31-11
	-----	-----	-----
Actuarial Value of Assets	\$6,640,754	\$7,110,889	\$7,698,561
Actuarial Accrued Liability (AAL)	\$7,998,123	\$8,730,074	\$9,568,144
Unfunded or (Over-funded) Actuarial Accrued Liability (UAAL or (OAAL))	\$1,357,369	\$1,619,185	\$1,869,583
Funded Ratio	83.03%	81.45%	80.46%
Annual Covered Payroll (Actuarial)	\$3,208,411	\$3,373,079	\$3,406,378
UAAL or (OAAL) as a Percentage of Covered Payroll	42.31%	48.00%	54.88%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 301,591	\$ 345,067	\$ 348,472
Contributions Made	\$ 301,591	\$ 345,067	\$ 348,472
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2012

NOTE 19: PENSION BENEFIT PLAN (continued)

The County is one of 624 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 12-31-11 valuations are contained in the 2011 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, 2012, 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, 2012

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, 2012

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, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third party payers.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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, 2012

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 governmental entity and, therefore, exempt from federal and state income taxes under the Internal Revenue Code. No expense has been provided for income taxes in the accompanying financial statements.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge at amounts less than its established rates. 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, 2012

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.

Reclassifications - Certain reclassifications have been made to 2011 financial statement detail to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

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, 2012

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	\$ 443,997
Ancillary Patient Services	
Inpatient	2,405,617
Outpatient	7,688,664

Gross Patient Service Revenue	\$ 10,538,278
Charity	(234,787)
Third-Party Contractual Adjustments	(3,171,096)
Provision for Bad Debts	(1,114,628)
Medicaid Disproportionate Share	475,460

Net Patient Service Revenue	\$ 6,493,227
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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 \$96,036 in 2012 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, 2012 are \$375,709.

Charity Care - The value of charity care provided by the Hospital based upon its established rates, was \$234,787 in 2012. ASU 2010-23 requires charity care to be disclosed on a cost basis. The Hospital utilizes the cost to charge ratios, as calculated based on its most recent cost reports, to determine the total cost. The Hospital's cost of providing charity care was estimated at \$213,497 for the year ended September 30, 2012.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2012, the carrying amount of the Hospital's deposits with financial institutions was \$69,175 and the bank balance was \$239,959. The bank balance is protected by Federal Deposit Insurance Corporation coverage and by the County's specific securities pledged to secure the deposits. All cash is deposited through the County Commissioners Office. The County Commissioners meet twice a month, the second and last Monday of the month to approve all cash disbursements.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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.

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 2012 the Hospital received \$475,460 in Medicaid disproportionate share funds.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30, 2012:

Patient Accounts Receivable	\$ 2,234,998
Less: Allowance for Bad Debts	(892,795)
Allowance for Contractuals	(622,376)

Patient Accounts Receivable, Net of Allowance	\$ 719,827
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 5: ACCOUNTS RECEIVABLE (continued)

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, 2012 is as follows:

Medicare	23%
Medicaid	13%
Other Third-Party Payers	13%
Patients	51%

Total	100%
	=====

NOTE 6: CAPITAL ASSETS

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

	Balance 9/30/11	Additions	Retirements	Balance 9/30/12
	-----	-----	-----	-----
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	1,022,226			1,022,226
Equipment	4,223,122	100,599		4,323,721
Construction in Progress		597,222		597,222
	-----	-----	-----	-----
Totals at historical cost	\$ 5,307,170	\$ 697,821	\$ -0-	\$ 6,004,991
	-----	-----	-----	-----
Less Accumulated Depreciation for:				
Land Improvements	\$ (155,687)	\$ (68,586)	\$	\$ (224,273)
Equipment	(3,237,462)	(314,695)		(3,552,157)
	-----	-----	-----	-----
Total Accumulated Depreciation	\$ (3,393,149)	\$ (383,281)	\$ -0-	\$ (3,776,430)
	-----	-----	-----	-----
Capital Assets, Net	\$ 1,914,021	\$ 314,540	\$ -0-	\$ 2,228,561
	=====	=====	=====	=====

Depreciation expense, including capital lease amortization, for the year ended September 30, 2012 was \$383,281.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 7: LONG-TERM DEBT

The terms and due date of the Hospital's long-term debt at September 30, 2012 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, 2012, is as follows:

Description	Balance 10-01-11	Increase	Decrease	Balance 09-30-12	Amounts Due Within One Year
-----	-----	-----	-----	-----	-----
Capital Lease Obligations	\$ 26,378	\$ -0-	\$ 26,378	\$ -0-	\$ -0-
	=====	=====	=====	=====	=====

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 2012 the Hospital received \$1,155,796 from the County for operations.

NOTE 9: COMMITMENTS AND CONTINGENCIES

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

Leases - The Hospital leases various equipment and facilities under operating leases expiring at various dates. Total rental expense, including operating leases, in 2012 was \$147,459.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10: ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM

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

The Hospital recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period. The Hospital has met the first requirements under the Medicare program and has recorded revenue in 2012 of \$1,173,800.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events of the hospital have been evaluated through February 15, 2013, 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, 2012

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 7,461,208	\$ 7,461,208	\$ 7,582,912	\$ 121,704
Charges for Services	452,300	452,300	516,110	63,810
Licenses & Permits	500	500	-0-	(500)
Commissions	563,000	563,000	550,334	(12,666)
Intergovernmental	167,874	278,146	332,644	54,498
Interest	27,700	27,700	76,361	48,661
Miscellaneous	81,000	116,000	137,653	21,653
Total Revenues	\$ 8,753,582	\$ 8,898,854	\$ 9,196,012	\$ 297,158
Expenditures				
District Judge	\$ 137,600	\$ 137,600	\$ 65,048	\$ 72,552
District Clerk	148,053	148,290	140,415	7,875
County Judge	147,560	161,133	139,471	21,662
County Clerk	236,300	236,649	226,962	9,687
Tax Assessor	195,260	195,576	188,023	7,553
County Treasurer	83,505	83,639	80,373	3,266
County Attorney	162,378	165,738	157,034	8,704
Justice of Peace - Pct #1-4	264,218	273,462	254,023	19,439
County Veterans & Welfare	72,506	72,506	64,854	7,652
Adult Probation	950	950	145	805
County Extension Office	120,015	119,722	110,483	9,239
County Sheriff	1,382,488	1,390,754	1,278,929	111,825
Jail	889,243	896,117	831,021	65,096
County Library	230,474	230,488	228,061	2,427
County Auditor	138,941	139,146	128,030	11,116
Non-Departmental	936,811	875,394	480,477	394,917
Maintenance	199,035	216,185	170,536	45,649
Ag & Community Centers	47,000	47,000	35,715	11,285
Public Safety	158,488	158,488	103,476	55,012
Information Services	94,305	94,320	76,840	17,480
Road & Bridge - Pct #1-4	1,818,836	1,908,874	1,557,296	351,578
Capital Outlays	530,982	581,189	645,735	(64,546)
Principal	126,895	126,887	89,501	37,386
Interest	12,359	12,367	12,441	(74)
Total Expenditures	\$ 8,134,202	\$ 8,272,474	\$ 7,064,888	\$ 1,207,586

The accompanying notes are an integral part of this statement.
(59)

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2012

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over Expenditures	\$ 619,380	\$ 626,380	\$ 2,131,124	\$ 1,504,744
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	\$ 25,000	\$ 48,000	\$ 23,000	\$ (25,000)
Proceeds From Capital Lease	-0-	-0-	159,524	159,524
Operating Transfers In	9,126,000	9,436,000	9,203,194	(232,806)
Operating Transfers Out	(10,581,629)	(10,921,629)	(10,791,880)	129,749
Total Other Financing Sources (Uses)	\$ (1,430,629)	\$ (1,437,629)	\$ (1,406,162)	\$ 31,467
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (811,249)	\$ (811,249)	\$ 724,963	\$ 1,536,212
Fund Balance at Beginning of Year	3,532,374	3,532,374	3,532,374	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	250	250
Fund Balance at End of Year	\$ 2,721,125	\$ 2,721,125	\$ 4,257,587	\$ 1,536,462

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

COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2012

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

Cash	\$ 3,824,731	\$ 857,633	\$ 1,256,725	\$ 5,939,089
Investments	11	8	10	29
Accounts Receivable	30,315	51,674		81,989
Delinquent Tax Receivable	355,039			355,039
Allowance for Uncollectible Tax	(35,504)			(35,504)
Due from Other Funds	21,864			21,864
Inventory	327			327
	-----	-----	-----	-----
Total Assets	\$ 4,196,783	\$ 909,314	\$ 1,256,735	\$ 6,362,832
	=====	=====	=====	=====
Liabilities and Fund Balance				

Accounts Payable	\$ 198,623	\$ 68,720	\$	\$ 267,343
Other Current Liabilities	21,730			21,730
Due to Other Funds			1,256,735	1,256,735
Deferred Revenue	559,437			559,437
	-----	-----	-----	-----
Total Liabilities	\$ 779,790	\$ 68,720	\$ 1,256,735	\$ 2,105,246
	-----	-----	-----	-----
Assigned for Retirement of L-T Debt	\$ 12,183	\$ 387,854	\$	\$ 400,036
Unassigned	3,404,810	452,741		3,857,551
	-----	-----	-----	-----
Total Fund Balance	\$ 3,416,993	\$ 840,594	\$ -0-	\$ 4,257,587
	-----	-----	-----	-----
Total Liabilities & Fund Balance	\$ 4,196,783	\$ 909,314	\$ 1,256,735	\$ 6,362,832
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2012

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

Taxes	\$ 5,251,802	\$ 1,183,562	\$ 1,147,548	\$ 7,582,912
Charges for Services	516,110			516,110
Licenses & Permits				-0-
Commissions	36,084	514,249		550,334
Intergovernmental	144,362	188,282		332,644
Interest	53,018	11,547	11,795	76,361
Miscellaneous	135,713	1,940		137,653
	-----	-----	-----	-----
Total Revenues	\$ 6,137,090	\$ 1,899,580	\$ 1,159,343	\$ 9,196,012
	-----	-----	-----	-----
Expenditures				

District Judge	\$ 65,048	\$	\$	\$ 65,048
District Clerk	140,415			140,415
County Judge	139,471			139,471
County Clerk	226,962			226,962
Tax Assessor	188,023			188,023
County Treasurer	80,373			80,373
County Attorney	157,034			157,034
Justice of Peace - Pct #1-4	254,023			254,023
County Veterans & Welfare	64,854			64,854
Adult Probation	145			145
County Extension Office	110,483			110,483
County Sheriff	1,278,929			1,278,929
Jail	831,021			831,021
County Library	228,061			228,061
County Auditor	128,030			128,030
Non-Departmental	480,477			480,477
Maintenance	170,536			170,536
Ag & Community Centers	35,715			35,715
Public Safety	103,476			103,476
Information Services	76,840			76,840
Road and Bridge - Pct #1-4		1,557,296		1,557,296
Capital Outlays	441,205	204,530		645,735
Principal	3,664	85,836		89,501
Interest	84	12,357		12,441
	-----	-----	-----	-----
Total Expenditures	\$ 5,204,868	\$ 1,860,020	\$ -0-	\$ 7,064,888
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2012

	General	Road and Bridge	LHC	Total
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 932,222	\$ 39,560	\$ 1,159,343	\$ 2,131,124
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	\$ 23,000	\$	\$	\$ 23,000
Proceeds From Capital Lease	14,994	144,530		159,524
Operating Transfers In	10,608		9,192,586	9,203,194
Operating Transfers Out	(439,951)		(10,351,929)	(10,791,880)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (391,349)	\$ 144,530	\$ (1,159,343)	\$ (1,406,162)
	-----	-----	-----	-----
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 540,873	\$ 184,090	\$ -0-	\$ 724,963
Fund Balance at Beginning of Year	2,875,870	656,504	-0-	3,532,374
Increase (Decrease) in Fund Balance	250			250
	-----	-----	-----	-----
Fund Balance at End of Year	\$ 3,416,993	\$ 840,594	\$ -0-	\$ 4,257,587
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2012

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

Cash	\$167,812	\$249,081	\$143,836	\$296,903	\$857,633
Investments	8				8
Accounts Receivable	9,458	558	41,099	558	51,674
Due From Other					-0-
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$177,278	\$249,640	\$184,936	\$297,461	\$909,314
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					

Accounts Payable	\$ 21,565	\$ 15,195	\$ 16,368	\$ 15,592	\$ 68,720
Due to Other					-0-
	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 21,565	\$ 15,195	\$ 16,368	\$ 15,592	\$ 68,720
Assigned for Retirement of L-T Debt	\$ 80,752	\$ 62,648	\$ 57,763	\$186,690	\$387,854
Unassigned	74,960	171,797	110,804	95,179	452,741
	-----	-----	-----	-----	-----
TOTAL FUND BALANCE	\$155,713	\$234,445	\$168,567	\$281,869	\$840,594
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$177,278	\$249,640	\$184,936	\$297,461	\$909,314
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2012

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 295,890	\$ 295,890	\$ 295,890	\$ 295,890	\$ 1,183,562	\$ 1,164,256	\$ 19,306
Car Tags	128,562	128,562	128,562	128,562	514,249	528,000	(13,751)
TOTAL TAX COLLECTOR	\$ 424,453	\$ 424,453	\$ 424,453	\$ 424,453	\$ 1,697,811	\$ 1,692,256	\$ 5,555
OTHER REVENUE:							
Intergovernmental	\$ 40,270	\$ 22,061	\$ 103,890	\$ 22,061	\$ 188,282	\$ 172,038	\$ 16,244
Interest	2,363	3,330	2,169	3,685	11,547	3,700	7,847
Miscellaneous			250	1,690	1,940	4,000	(2,060)
Sale of Assets					-0-	20,000	(20,000)
TOTAL OTHER REVENUE	\$ 42,634	\$ 25,391	\$ 106,309	\$ 27,436	\$ 201,769	\$ 199,738	\$ 2,031
TOTAL REVENUE	\$ 467,086	\$ 449,843	\$ 530,762	\$ 451,889	\$ 1,899,580	\$ 1,891,994	\$ 7,586

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2012

	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	145,460	100,583	147,906	89,609	483,557	580,723	97,166
Part-Time	6,085	4,518	10,187	11,907	32,696	40,437	7,741
Automobile Allowance			6,000		6,000	6,000	-0-
Social Security	14,802	11,460	15,871	10,538	52,671	62,148	9,477
Retirement	20,897	15,297	20,728	14,511	71,432	86,110	14,678
Group Hospital Insurance	34,721	26,187	32,702	22,276	115,886	138,560	22,674
Unemployment	1,257	6,395	203	129	7,984	10,446	2,462
Workmen's Comp.	6,715	4,666	6,926	4,475	22,782	30,342	7,560
Supplies/Other Operations	7	77	147		230	1,450	1,220
Furniture & Equipment	522	2,500	3,189		6,211	7,023	812
Vehicle Maintenance	555		380	489	1,424	4,250	2,826
Fuel & Oil	62,449	65,905	75,437	66,978	270,769	314,419	43,651
Equipment Parts & Repairs	47,485	44,093	63,134	44,257	198,969	243,707	44,738
Co. Highway Maintenance					-0-	-0-	-0-
Material & Supplies	6,249	2,460	20,496		29,205	62,170	32,965
Telephone	2,764	1,510	3,983	1,545	9,802	11,400	1,598
Utilities	2,618	1,662	3,170	1,858	9,308	11,100	1,792
Travel & Training	456	580	1,709	1,278	4,023	8,800	4,777
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Contract/Professional Services	5,610	25,837	5,853	5,610	42,910	44,318	1,408
Rentals/Leases						50,000	50,000
Principal	18,548	29,580	17,803	19,906	85,836	126,887	41,051
Interest	3,395	3,569	2,992	2,402	12,357	12,367	10
Insurance & Bonds						500	500
Auto & Liability Insurance	2,475	1,616	2,490	2,075	8,656	12,192	3,536
Capital Outlays		10,000		50,000	60,000	30,000	(30,000)
 TOTAL EXPENDITURES	 \$ 428,765	 \$ 404,188	 \$ 487,000	 \$ 395,537	 \$ 1,715,490	 \$ 2,078,129	 \$ 362,639

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2012

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2011	\$117,391	\$188,789	\$124,806	\$225,517	\$ 656,504
ADD: Revenue	467,086	449,843	530,762	451,889	1,899,580
DEDUCT: Expenditures	(428,765)	(404,188)	(487,000)	(395,537)	(1,715,490)
TRANSFERS IN (OUT)	-0-	-0-	-0-	-0-	-0-
FUND BALANCE (DEFICIT) September 30, 2012	\$155,713 =====	\$234,445 =====	\$168,567 =====	\$281,869 =====	\$ 840,594 =====

LAMB COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 September 30, 2012

	District Clerk	County Clerk	County Treasurer	County Attorney	Adult Probation	Justice of the Peace	Sheriff	Total
	-----	-----	-----	-----	-----	-----	-----	-----
<u>ASSETS</u>								
Cash & Cash Equivalents	\$ 152,856	\$ 12,369	\$ 23,230	\$ 10,439	\$ 1,072	\$ 7,403	\$ 31,722	\$ 239,091
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL ASSETS	\$ 152,856	\$ 12,369	\$ 23,230	\$ 10,439	\$ 1,072	\$ 7,403	\$ 31,722	\$ 239,091
	=====	=====	=====	=====	=====	=====	=====	=====
<u>LIABILITIES</u>								
Due to Other Groups	\$ 85,553	\$ 12,369	\$ 23,230	\$ 10,439	\$ 1,072	\$ 7,403	\$ 31,722	\$ 171,788
Due to Trust Beneficiaries	67,303	-----	-----	-----	-----	-----	-----	67,303
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 152,856	\$ 12,369	\$ 23,230	\$ 10,439	\$ 1,072	\$ 7,403	\$ 31,722	\$ 239,091
	=====	=====	=====	=====	=====	=====	=====	=====

OTHER SUPPLEMENTARY INFORMATION

LAMB COUNTY, TEXAS
SCHEDULE OF INVESTMENTS-ALL FUNDS
SEPTEMBER 30, 2012

	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, 2012

	Balance 9-30-11	Additions	Deletions	Balance 9-30-12
<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 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	 \$1,154,355	 \$ -0-	 \$ -0-	 \$1,154,355
 Lots	 900			 900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
 Total Pct # 1	 \$1,193,781	 \$ -0-	 \$ -0-	 \$1,193,781

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2012

	Balance 9-30-11	Additions	Deletions	Balance 9-30-12
<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 #2ZK05067	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
2008 Chevy P/U #295811		10,000		10,000
Total Equipment	\$ 903,929	\$ 10,000	\$ -0-	\$ 913,929
Land	1,450			1,450
Bam	19,618			19,618
Total Pct # 2	\$ 924,997	\$ 10,000	\$ -0-	\$ 934,997

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2012

	Balance 9-30-11	Additions	Deletions	Balance 9-30-12
<u>Precinct #3</u>				
Shredder #930458 (12-87)	\$ 5,000	\$	\$	\$ 5,000
1980 Timpfe Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timpfe 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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equipment	\$ 711,882	\$ -0-	\$ -0-	\$ 711,882
	<hr/>	<hr/>	<hr/>	<hr/>
Iron Clad Barn	10,000			10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Pct # 3	\$ 721,882	\$ -0-	\$ -0-	\$ 721,882
	<hr/>	<hr/>	<hr/>	<hr/>

LAMB COUNTY, TEXAS
SCHEDULE OF FIXED ASSETS
September 30, 2012

	Balance 9-30-11	Additions	Deletions	Balance 9-30-12
<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 #2ZK05095	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	-0-
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
Challenger Tractor #341082		50,000		50,000
JD 770G Motor Grader #644660		154,170		154,170
 Total Equipment	 \$ 919,387	 \$ 204,170	 \$ 129,550	 \$ 994,007
 Land	 2,000			 2,000
Barn	10,000			10,000
 Total Pct #4	 \$ 931,387	 \$ 204,170	 \$ 129,550	 \$1,006,007

OFFICE OF THE TAX ASSESSOR-COLLECTOR

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2011 ROLL
For The Year Ended September 30, 2012

Roll

Taxable Value	\$962,016,905 =====
Tax Levy	\$ 7,641,300
Collections	

October 1, 2011 thru June 30, 2012	7,514,415 -----
Balance June 30, 2012	\$ 126,885 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2012

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

Total Tax Per \$100 Valuation	\$.7943	100.00
	=====	=====
Distribution as Follows:		
General Fund	\$.5503	\$ 69.28
General Road & Bridge	.1240	15.61
Hospital	.1200	15.11
	-----	-----
County Tax Rate	\$.7943	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2012

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-11	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-12
2003 & Prior Years	Various	Various	\$ 28,737	\$	\$ 833	\$ (554)	\$ 27,350
2004	.6687	866,796,982	7,716		314	(138)	7,264
2005	.7642	795,374,475	9,466		415	(434)	8,617
2006	.7642	808,383,279	11,675		1,818	(127)	9,730
2007	.7967	796,528,948	18,423		3,557	(590)	14,276
2008	.7943	803,447,816	26,518		8,203	(541)	17,774
2009	.7943	868,857,728	43,294		15,073	(685)	27,536
2010	.7943	884,643,365	76,318		31,864	(747)	43,707
2011	.7943	943,028,186	136,759		63,702	(1,157)	71,900
2012 (Year Under Audit)	.7943	962,016,905		7,641,300	7,514,415		126,885
TOTALS			\$ 358,906	\$ 7,641,300	\$ 7,640,194	\$ (4,973)	\$ 355,039

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

Webb, Webb, and Wright
Certified Public Accountants

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

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

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

June 17, 2013

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, 2012, which collectively comprise Lamb County's basic financial statements and have issued our report thereon dated June 17, 2013. 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

Management of Lamb County is responsible for establishing and maintaining effective 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 material 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 – June 17, 2013

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 the Lamb County's management, the Commissioners' Court, others within the organization, and the appropriate state and federal agencies and 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, 2012

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, 2012

<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, 2012

None