

**LAMB COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDING  
SEPTEMBER 30, 2007**

**Worfe, Worfe, and Worfe PC**  
Certified Public Accountants

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LAMB COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2007

LAMB COUNTY, TEXAS  
COUNTY OFFICIALS  
SEPTEMBER 30, 2007

Lamb County Clerk, Texas  
**Volume 35, Page 135**

Name of Official

Office

-----  
Bill Thompson  
Rodney Smith  
Jimmy McCurry  
Emil Macha  
Jimmy Young  
Mark Yarbrough  
Gary Maddox  
Linda Charlton  
Jamee Long  
Stephanie Chester  
Janice Wells  
Becky DeBerry  
Christy Clark  
Al Mann  
Carolyn Harmon

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

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FINANCIAL SECTION

**Webb, Webb, and Wright**  
**Certified Public Accountants**

Lamb County Clerk, Texas  
**Volume 35, Page 139**

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

June 11, 2008

**Independent Auditor's Report on Financial Statements**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Proprietary Fund - Lamb Healthcare Center. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

Lamb County - June 11, 2008

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2008 on our consideration of Lamb County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Respectfully submitted,

WEBB, WEBB AND WRIGHT, CPA'S

*Webb, Webb + Wright*



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Lamb County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the County's financial statements.

### **USING THIS ANNUAL REPORT**

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

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

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

### **Reporting the County as a Whole**

#### ***The Statement of Net Assets and the Statement of Activities***

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

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

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

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

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

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

## **Reporting the County's Most Significant Funds**

### ***Fund Financial Statements***

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

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

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

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

### **The County as Trustee**

#### ***Reporting the County's Fiduciary Responsibilities***

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Net assets of the County's governmental activities increased from \$6,933,069 to \$8,029,353. 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 \$2,829,130 at September 30, 2007.

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

The net assets of our business-type activities decreased by \$677,858. This decrease is significant to the overall operations of the County. However, it represents significant services to the community. Factors contributing to this decrease are shown in Exhibit B-1.

**Table 1**

**Lamb County**

**Net Assets**  
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2006-2007
Current and other assets	3,417	2,585	4,371	5,261	7,788	7,846	(.7)%
Capital assets	5,235	5,344	1,371	824	6,606	6,168	7.1%
Total assets	8,652	7,929	5,742	6,085	14,394	14,014	2.7%
Long-term liabilities	17	35			17	35	(51.4)%
Other liabilities	606	961	1,242	908	1,848	1,869	(1.1)%
Total liabilities	623	996	1,242	908	1,865	1,904	(2.0)%
Net assets:							
Invested in capital assets, net of related debt	5,200	5,092	1,053	824	6,253	5,916	5.7%
Restricted		123			-0-	123	(100.0)%
Unrestricted	2,829	1,718	3,447	4,353	6,276	6,071	3.4%
Total net assets	8,029	6,933	4,500	5,177	12,529	12,110	3.5%
	=====	=====	=====	=====	=====	=====	

**Table 2**

**Lamb County**

**Changes in Net Assets**  
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2006-2007
<b>Revenues:</b>							
Net program revenues:							
Charges for services	848	638	8,330	9,844	9,178	10,482	(12.4)%
Operating grants and contributions	12	13	3		15	13	15.4%
Capital Grants and contributions		199			-0-	199	(100.0)%
General revenues:							
Property taxes	6,334	6,111			6,334	6,111	3.6%
Other taxes	606	584			606	584	3.8 %
Grants and contributions not restricted					-0-	-0-	0.0%
Unrestricted investments earnings	369	337	159	160	528	497	6.2%
Other revenues	276	902	167	221	443	1,123	(60.6)%
<b>Total revenues</b>	<b>8,445</b>	<b>8,784</b>	<b>8,659</b>	<b>10,225</b>	<b>17,104</b>	<b>19,009</b>	<b>(10.0)%</b>
<b>Expenses:</b>							
General government	2,065	2,302			2,065	2,302	(10.3)%
Judicial	471	438			471	438	7.5 %
Public safety	1,892	1,964			1,892	1,964	(3.7)%
Highway and street	1,587	1,509			1,587	1,509	5.2%
Education	169	148			169	148	14.2%
Public welfare	50	18			50	18	177.8%
Health			10,440	10,699	10,440	10,699	(2.4)%
Interest on long-term debt	12	25			12	25	(52.0)%
<b>Total expenses</b>	<b>6,246</b>	<b>6,404</b>	<b>10,440</b>	<b>10,699</b>	<b>16,686</b>	<b>17,103</b>	<b>(2.4)%</b>
<b>Increase(decrease) in net assets before transfers</b>	<b>2,199</b>	<b>2,380</b>	<b>(1,781)</b>	<b>(474)</b>	<b>418</b>	<b>1,906</b>	<b>(78.1)%</b>
Transfers	(1,103)	(1,545)	1,103	1,545	-0-	-0-	0.0%
<b>Change in net assets</b>	<b>1,096</b>	<b>835</b>	<b>(678)</b>	<b>1,071</b>	<b>418</b>	<b>1,906</b>	<b>(78.1)%</b>
Net assets-beginning	6,933	6,098	5,177	4,106	12,110	10,204	18.7%
<b>Net assets-ending</b>	<b>8,029</b>	<b>6,933</b>	<b>4,500</b>	<b>5,177</b>	<b>12,529</b>	<b>12,110</b>	<b>3.5%</b>

The County's governmental revenues decreased by \$338,670 this year. The total cost of governmental programs and services decreased by \$157,916 this year. The County's business revenues decreased by \$1,565,967 this year. The total cost of business programs and services decreased by \$259,215 this year.

The County took actions this year to compensate for some increases in cost:

1. The Tax A/C eliminated a position and turned over property tax collections to the Appraisal District.
2. Small increase in current tax rate.
3. Although a hiring freeze was not imposed – no new jobs were created.

The cost of all governmental and business-type activities this year was \$16,685,275. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$6,940,132 because \$9,177,264 of the costs were paid by those who directly benefited from the programs and \$14,677 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 \$2,663,171 which is significantly above last year's total of \$1,686,550. Included in this year's total change in fund balance is an increase of \$1,092,436 in the County's General Fund.

There was a small increase in the tax rate resulting in an increase to the general fund balance. The County was able to maintain a balanced budget without borrowing from outside sources.

### ***General Fund Budgetary Highlights***

The County's General Fund balance of \$2,431,786 differs from the General Fund's budgetary fund balance of \$1,208,426. This difference is shown on the budgetary comparison schedule (Exhibit F-1).

Over the course of the year, the Commissioner's Court reviewed whether to make any revisions to the original General Fund budgeted revenue and appropriations. However, no revisions were made to the original budget. The final budget reflected an excess of revenues over expenditures of \$769,076 and the actual excess was \$2,195,799. The most positive variance was from tax revenue and charges for services.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At the end of 2007, the County had \$13,969,416 invested in a broad range of capital assets, including administrative facilities and equipment, public safety facilities and equipment, and maintenance buildings and equipment.

This year's major additions included:

Building & Improvements	\$ 117,677
Machinery & Equipment	141,463
Vehicles	298,399
Office Equipment	32,000
	-----
Total	\$ 589,539
	=====

The County has plans to re-roof the courthouse at an approximate cost of \$100,000. The County has no plans to issue any debt to finance this project.

### ***Debt***

At year-end, the County had no bonds outstanding versus \$200,000 last year. The County also has a note payable to Security State Bank for \$34,639.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected officials considered many factors when setting the fiscal year 2008 budget and tax rates. One factor was the weak agricultural economy and lack of economic development. Also, increases in fuel, utilities, and hardware costs were taken into account. Unfunded mandates and an anticipated increase in employee medical insurance premiums were other factors. What little increase we have in revenue was to fund the expenses we already have. Nothing new has been added.

## **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, 2007

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 4,839,174	\$ (654)	\$ 4,838,520
Investments	281,490		281,490
Receivables (net of allowance for uncollectibles)	260,086	2,015,755	2,275,841
Internal balances	(1,979,186)	1,979,186	-0-
Due from other government units	16,201		16,201
Inventories		281,702	281,702
Prepays		94,072	94,072
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and improvements	3,212,812	1,831	3,214,643
Machinery and equipment	988,398	1,295,214	2,283,612
Vehicles	698,689		698,689
Office equipment	301,993		301,993
Construction in progress		12,680	12,680
Total Capital Assets	\$ 5,234,862	\$ 1,371,547	\$ 6,606,409
TOTAL ASSETS	\$ 8,652,627	\$ 5,741,608	\$ 14,394,235
LIABILITIES			
Accounts payable and other current liabilities	\$ 459,869	\$ 865,831	\$ 1,325,700
Accrued liabilities		376,290	376,290
Deferred revenue	128,766		128,766
Noncurrent liabilities:			
Due within one year	17,119		17,119
Due in more than one year	17,520		17,520
TOTAL LIABILITIES	\$ 623,274	\$ 1,242,121	\$ 1,865,395
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,200,223	\$ 1,053,125	\$ 6,253,348
Unrestricted	2,829,130	3,446,362	6,275,492
TOTAL NET ASSETS	\$ 8,029,353	\$ 4,499,487	\$ 12,528,840

The accompanying notes are an integral part of this statement.  
(10)

LAMB COUNTY, TEXAS  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government	\$ 2,065,431	\$ 591,549	\$	\$	\$ (1,473,882)	\$	\$ (1,473,882)
Judicial	470,440	176,285	12,177		(281,978)		(281,978)
Public safety	1,891,881				(1,891,881)		(1,891,881)
Highways and streets	1,586,842	79,590			(1,507,252)		(1,507,252)
Education	169,175				(169,175)		(169,175)
Public welfare	49,870				(49,870)		(49,870)
Interest on long-term debt	11,800				(11,800)		(11,800)
Total Governmental Activities	\$ 6,245,439	\$ 847,424	\$ 12,177	\$ -0-	\$ (5,385,838)	\$ -0-	\$ (5,385,838)
Business – Type Activities:							
Health	\$ 10,439,836	\$ 8,329,840	\$ 2,500	\$	\$	\$ (2,107,496)	\$ (2,107,496)
Total Business-Type Activities	\$ 10,439,836	\$ 8,329,840	\$ 2,500	\$ -0-	\$ -0-	\$ (2,107,496)	\$ (2,107,496)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 16,685,275</b>	<b>\$ 9,177,264</b>	<b>\$ 14,677</b>	<b>\$ -0-</b>	<b>\$ (5,385,838)</b>	<b>\$ (2,107,496)</b>	<b>\$ (7,493,334)</b>
=====							
General Revenue:							
Property taxes					\$ 6,333,865	\$	\$ 6,333,865
Vehicle registrations and fees					606,267		606,267
Grants and contributions not restricted to specific programs							-0-
Investment earnings					369,213	159,218	528,431
Miscellaneous					276,140	167,057	443,197
Transfers					(1,103,363)	1,103,363	-0-
Total general revenues and transfers					\$ 6,482,122	\$ 1,429,638	\$ 7,911,760
Change in net assets					\$ 1,096,284	\$ (677,858)	\$ 418,426
Net assets – beginning					6,933,069	5,177,344	12,110,413
Net assets – ending					\$ 8,029,353	\$ 4,499,487	\$ 12,528,840
=====							

The accompanying notes are an integral part of this statement.

**LAMB COUNTY, TEXAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<hr/>			
<b>ASSETS</b>			
<hr/>			
Cash	\$ 4,628,603	\$ 210,571	\$ 4,839,174
Investments	260,676	20,814	281,490
Delinquent Taxes Receivable	286,628	2,357	288,985
Allowance for Uncollectible Taxes	(28,663)	(236)	(28,899)
Due From County Clerk	4,050		4,050
Due From Tax Office	10,576		10,576
Due From Sheriff Dept	1,575		1,575
<hr/>			
Total Assets	\$ 5,163,445	\$ 233,506	\$ 5,396,951
<hr/>			
<b>LIABILITIES</b>			
<hr/>			
Accounts Payable	\$ 459,796	\$	\$ 459,796
Other Current Liabilities	73		73
Due to Other Funds	1,979,186		1,979,186
Deferred Revenue	257,965	2,121	260,086
Note Payable	34,639		34,639
<hr/>			
Total Liabilities	\$ 2,731,659	\$ 2,121	\$ 2,733,780
<hr/>			
<b>FUND BALANCE</b>			
<hr/>			
Reserved Fund Balance:			
Other Reserves	\$ 221,734		221,734
Unreserved Fund Balance	2,210,052	231,385	2,441,437
<hr/>			
Total Fund Balances	\$ 2,431,786	\$ 231,385	\$ 2,663,171
<hr/>			
Total Liabilities and Fund Balance	\$ 5,163,445	\$ 233,506	\$ 5,396,951
<hr/>			

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

LAMB COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

Total fund balances - governmental fund balance sheet	\$ 2,663,171
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,234,862
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	131,320
	-----
Total net assets of governmental activities - statement of net assets	\$ 8,029,353
	=====

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

LAMB COUNTY, TEXAS  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----
<b>REVENUES</b>			
Taxes	\$ 6,199,791	\$ 105,727	\$ 6,305,518
Charges for Services	591,549		591,549
Fines and Fees	176,285		176,285
Vehicle Registration and Fees	606,267		606,267
Lateral Road	79,590		79,590
Grants	12,177		12,177
Interest on Investments	349,294	19,919	369,213
Miscellaneous	276,140		276,140
	-----	-----	-----
Total Revenues	\$ 8,291,093	\$ 125,646	\$ 8,416,739
	-----	-----	-----
<b>EXPENDITURES</b>			
Current Operating:			
District Judge	\$ 76,678	\$	\$ 76,678
District Clerk	116,145		116,145
County Judge	868,887		868,887
County Clerk	253,049		253,049
Tax Office	223,738		223,738
County Treasurer	76,106		76,106
County Attorney	152,941		152,941
Justice of Peace - Precinct #1-4	237,499		237,499
County Veterans and Welfare	49,870		49,870
Adult Probation	994		994
Juvenile Probation	259,524		259,524
County Extension Office	59,221		59,221
County Sheriff	1,659,156		1,659,156
County Library	169,175		169,175
Road and Bridge - Precinct #1-4	1,296,993		1,296,993
Jury	3,322		3,322
Grants	7,591		7,591
Capital Projects		24,527	24,527
Capital Outlay	584,405	5,134	589,539
Debt Service:			
Principal		200,000	200,000
Interest		11,800	11,800
	-----	-----	-----
Total Expenditures	\$ 6,095,294	\$ 241,461	\$ 6,336,755
	-----	-----	-----

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

LAMB COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,195,799	\$ (115,815)	\$ 2,079,984
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	\$ 9,609,124	\$	\$ 9,609,124
Operating Transfers Out	(10,712,487)		(10,712,487)
Total Other Financing Sources (Uses)	\$ (1,103,363)	\$ -0-	\$ (1,103,363)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 1,092,436	\$ (115,815)	\$ 976,621
Fund Balances - Beginning	1,339,350	347,200	1,686,550
Fund Balances - Ending	\$ 2,431,786 =====	\$ 231,385 =====	\$ 2,663,171 =====

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

LAMB COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

Net change in fund balances - total governmental funds.	\$ 976,621
Capital outlays are not reported as expenses in the SOA.	589,539
Capital asset decreases.	(154,393)
Capital asset depreciation used in governmental activities is not reported in the funds.	(543,830)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	28,347
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.	200,000
	-----
Change in net assets of governmental activities.	\$ 1,096,284
	=====

LAMB COUNTY, TEXAS  
BALANCE SHEET - PROPRIETARY FUND  
SEPTEMBER 30, 2007

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 625
Patients Accounts Receivable, Net of Allowances	1,784,784
Estimated Third-Party Payor Settlements	230,971
Other Receivable - Lamb County	1,979,186
Inventory of Supplies	281,702
Prepaid Expenses and Other Current Assets	94,072
	-----
Total Current Assets	\$ 4,371,340

CAPITAL ASSETS

Net of Accumulated Depreciation	1,371,547
	-----
Total Assets	\$ 5,742,887
	-----

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES

Overdraft Payable	\$ 1,279
Accounts Payable	598,220
Accrued Payroll, Benefits and Payroll Liabilities	376,290
Estimated Third-Party Payor Settlements	
Other Current Liabilities	267,611
	-----
Total Current Liabilities	\$ 1,243,400

NONCURRENT LIABILITIES

	-0-
	-----
Total Liabilities	\$ 1,243,400
	-----

NET ASSETS

Invested in Capital Assets Net of Related Debt	1,053,125
Unrestricted	3,446,362
	-----
Total Net Assets	\$ 4,499,487
	=====

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



LAMB COUNTY, TEXAS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES  
IN NET ASSETS - PROPRIETARY FUND  
SEPTEMBER 30, 2007

OPERATING REVENUES

Net Patient Service Revenue (Net of Provision for Bad Debts of \$2,699,206)	\$ 8,329,840
Other Operating Revenue	155,739
	-----
Total Operating Revenues	\$ 8,485,579
	-----

OPERATING EXPENSES

Salaries and Wages	\$ 4,285,292
Employee Benefits	823,586
Professional Fees and Purchased Services	2,435,612
Supplies and Other	2,722,435
Depreciation	236,212
	-----

Total Operating Expenses	\$ 10,503,137
	-----

Operating Income (Loss)	\$ (2,017,558)
-------------------------	----------------

NON-OPERATING REVENUES (EXPENSES)

Tobacco Settlement Revenue	11,318
Non-Capital Grants and Contributions	2,500
Interest Income	159,218
Interest Expense	(1,609)
	-----

Total Non-operating Revenues (Expenses)	\$ 171,427
	-----

Income (Loss) Before Capital Grants, Contributions and County Subsidies	\$ (1,846,131)
Capital Grants and Contributions	
County Subsidies	1,168,273
	-----

Increase (Decrease) in Net Assets	\$ (677,858)
-----------------------------------	--------------

Net Assets - Beginning	5,177,344
	-----

Net Assets - Ending	\$ 4,499,487
	=====

LAMB COUNTY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
SEPTEMBER 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 8,216,109
Payments to Suppliers and Contractors	(5,304,023)
Payments to Employees	(5,050,076)
Other Receipts and Payments, Net	155,739
	-----
Net Cash Provided(Used) by Operating Activities	\$ (1,982,251)
	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Overdrafts Payable	\$ 1,279
Cash Invested in Funds Held by Lamb County	1,102,827
Proceeds From County Subsidies	1,168,273
Non-Capital Grants and Contributions	2,500
Proceeds From Tobacco Settlement	11,318
	-----
Net Cash Provided(Used) by Non-Capital Financing Activities	\$ 2,286,197
	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (464,913)
Interest Paid	(1,609)
Principal Paid on Long-term Debt	
Proceeds From Capital Grants and Contributions	
	-----
Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (466,522)
	-----
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	\$ 159,218
	-----
Net Cash Provided(Used) by Investing Activities	\$ 159,218
	-----
Net Increase(Decrease) in Cash and Cash Equivalents	\$ (3,358)
	-----
Cash and Cash Equivalents at the Beginning of Year	3,983
	-----
Cash and Cash Equivalents at the End of Year	\$ 625
	=====

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

LAMB COUNTY, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
SEPTEMBER 30, 2007

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH	
USED BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (2,017,558)
Adjustments to Reconcile Operating Income(Loss) to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	236,212
Provision for Bad Debt	2,699,206
(Increase)Decrease in:	
Accounts Receivable	(3,007,355)
Estimated Third-Party Payor Settlement	152,212
Inventory of Supplies	(11,042)
Prepaid Expenses	(49,994)
Increase(Decrease) in:	
Accounts Payable	(84,940)
Accrued Payroll, Benefits and Payroll Liabilities	58,802
Estimated Third-Party Payor Settlements .	-0-
Other Liabilities	42,206
	-----
Net Cash Provided(Used) by Operating Activities	\$ (1,982,251)
	-----

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

LAMB COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
SEPTEMBER 30, 2007

	Agency Funds -----
ASSETS:	
Cash and Cash Equivalents.	\$ 5,859 -----
Total Assets	\$ 5,859 -----
LIABILITIES:	
Current Liabilities:	
Due to Other Groups	\$ 5,859 -----
Total Liabilities	\$ 5,859 -----
NET ASSETS	
Total Net Assets	\$ -0- =====

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING**

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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

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

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

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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

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

The Major Governmental Fund is:

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

The Major Proprietary Fund is:

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

In addition, the County reports the following fund type:

Agency Funds These funds are used to report pre-trial attorney fee services program funds and other 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.

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



LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

D. CASH EQUIVALENTS

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

E. RECEIVABLE AND PAYABLE BALANCES

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

F. INTERFUND ACTIVITY

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

G. INVENTORY

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

H. CAPITAL ASSETS

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

H. CAPITAL ASSETS (continued)

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

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

I. ENCUMBRANCES

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

J. ACCUMULATED UNPAID VACATION AND SICK PAY

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**K. FUND EQUITY**

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

**NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING**

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

1. Prior to May 1, the County Judge reviews the operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted when applicable by law.
3. Prior to October 1, the budget is legally enacted by acceptance of the Commissioners' Court.
4. Transfer of budgeted amounts between line items is authorized within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Commissioners' Court.
5. Budgets for the General Fund and Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget was properly amended by the Commissioners' Court as needed throughout the year. There were no significant budget amendments passed during the 06-07 fiscal year.

**NOTE 3. LEGAL COMPLIANCE**

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 4: DEPOSITS AND INVESTMENTS**

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

Cash Deposits:

At September 30, 2007, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash) was \$4,838,520 and the bank balance was \$5,291,019. The County's cash deposits with financial institutions at September 30, 2007 and during the year ended September 30, 2007, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

- a. Name of bank Security State Bank - Littlefield, Texas
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$9,830,358.
- c. Largest cash, savings and time deposits combined account balance amounted to \$9,551,610 and occurred during the month of February 2007.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$200,000.

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 4: DEPOSITS AND INVESTMENTS (continued)**

Current investments of \$281,490 are invested in TexPool (a non SEC-registered investment pool) and the Cash Account Trust-Government Cash Institutional Shares Portfolio Fund (an SEC-registered investment company). TexPool and the Cash Account Trust-Government Cash Institutional Shares Portfolio Fund are each rated AAAM by Standard & Poor's. TexPool is the largest and oldest government investment pool in the state of Texas. The State Comptroller of Public Accounts oversees TexPool. The carrying amount of \$281,490 and the fair value are the same.

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

- Category 1 - Deposits which are insured or collateralized with securities held by the entity or by its agent in the County's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
- Category 3 - Deposits which are not collateralized or insured.

Cash and investments consisted of the following:

	Category			
	1	2	3	Total
Cash in Bank	\$4,838,520	\$	\$	\$4,838,520
TexPool Accounts	105,966			105,966
Cash Account Trust-Government Cash Institutional Shares			175,524	175,524
Total	\$4,944,486	\$ -0-	\$ 175,524	\$5,120,010
	=====	=====	=====	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks:

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 4: DEPOSITS AND INVESTMENTS (continued)**

e. Foreign Currency Risk

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

Investments:

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

Investment Accounting Policy:

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 5: PROPERTY TAX**

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

**NOTE 6: DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written-off, but the County is prohibited from writing-off real property taxes without specific statutory authority from the Texas Legislature.

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2007, 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				
Total capital assets not being depreciated	\$ 32,970	\$ -0-	\$ -0-	\$ 32,970
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 9,106,147	\$ 117,677	\$	\$ 9,223,824
Buildings and improvements	2,384,540	141,463	(153,750)	2,372,253
Machinery and equipment	1,502,007	298,399	(270,919)	1,529,487
Vehicles	750,982	59,900		810,882
Office equipment				
Total capital assets being depreciated	\$ 13,743,676	\$ 617,439	\$ (424,669)	\$ 13,936,446
<i>Less accumulated depreciation for:</i>				
Infrastructure	\$ (5,904,600)	\$ (106,412)	\$	\$ (6,011,012)
Buildings and improvements	(1,262,611)	(220,420)	99,176	(1,383,855)
Machinery and Equipment	(819,409)	(155,984)	144,595	(830,798)
Vehicles	(446,480)	(62,409)		(508,889)
Office equipment				
Total accumulated depreciation	\$ (8,433,100)	\$ (545,225)	\$ 243,771	\$ (8,734,554)



LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

NOTE 7: CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Ending Decreases	Balances
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 5,310,576	\$ 72,214	\$ (180,898)	\$ 5,201,892
Governmental activities capital assets, net	\$ 5,343,546	\$ 72,214	\$ (180,898)	\$ 5,234,862
	=====	=====	=====	=====

Depreciation was charged to functions as follows:

General government	\$ 161,399
Public safety	120,651
Highways and streets	261,780
	-----
	\$ 543,830
	=====

NOTE 8: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	Revenue Description	Fund	Deferred Amount
	-----	-----	-----
Net Tax Revenue	General	\$	257,965
Net Tax Revenue	Debt Service		2,121
		-----	-----
Total Deferred Revenue		\$	260,086
		-----	=====

NOTE 9: OPERATING LEASE

During the current year, the County entered into an operating lease agreement for a Challenger tractor. Commitments under the operating (noncapitalized) lease agreement provide for future minimum rental payments as of September 30, 2007, as follows:

Year Ending	
-----	
2008	\$ 13,501
2009	13,501
2010	13,501
2011	13,501
	-----
Total Minimum Rental Payments	\$ 54,004
	=====
Rental Expenditures in FYE 2007	\$ 10,590
	=====

Notes to Financial Statements  
September 30, 2007

## NOTE 10: LONG-TERM DEBT

On September 15, 1997 the County issued Certificates of Obligation, Series 1997. The original amount of the bond obligation was \$2,800,000, and the effective interest rates ranged from 4.50% to 6.10%. The bonds were paid off in September, 2007 and the interest paid in the current year was \$11,800.

The 5.260% variable rate note payable in the General Fund is an equipment purchase loan from Security State Bank for \$34,639 to Precinct #4. The rate on this note may change to equal the monthly average yield for 1-year LIBOR rates as determined by Fannie Mae. Interest paid in the current year was \$1,489.

Debt service requirements are as follows:

Year Ending September 30 -----	Principal -----	Interest -----	Total Requirements -----
2008	\$ 17,119	\$ 1,706	\$ 18,825
2009	17,520	509	18,029
Totals	\$ 34,639 =====	\$ 2,215 =====	\$ 36,854 =====

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.

## Changes in Long-Term Liabilities:

	Balance 10-01-06 -----	Increase -----	Decrease -----	Balance 09-30-07 -----	Amounts Due Within One Year -----
Bonds Payable	\$ 200,000	\$ -0-	\$ 200,000	\$ -0-	\$ -0-
Note Payable	51,975	-0-	17,336	34,639	17,119
Total Long-Term Liabilities	\$ 251,975 =====	\$ -0- =====	\$ 217,336 =====	\$ 34,639 =====	\$ 17,119 =====

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 11: INTERFUND BALANCES AND ACTIVITIES**

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2007 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 1,979,186
		-----
		\$ 1,979,186
		=====

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

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2007 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 9,609,124
General Fund	Proprietary Fund-Hospital	10,712,487
		-----
		\$ 20,321,611
		=====

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

**NOTE 12: RESERVED FUND BALANCE**

Reserved Fund Balance in the General Fund of \$221,734 is the amount set aside and reserved for Record Management, Court Technology, Court Security and Bail Bond fees. An analysis of these accounts is shown in Exhibit H-3.

**NOTE 13: 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 2007, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 14: SELF-INSURED INSURANCE**

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

**NOTE 15. 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 16: COMMITMENTS AND CONTINGENCIES**

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

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

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 17: PENSION BENEFIT PLAN DESCRIPTION**

**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 573 cash balance-account type defined benefit pension plans.

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates 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 9.31% for the months of the accounting year in 2006, and 10.06% for the months of the accounting year in 2007. The contribution rate payable by the employee members for fiscal year 2007 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

LAMB COUNTY, TEXAS

Notes to Financial Statements  
September 30, 2007

**NOTE 17: PENSION BENEFIT PLAN DESCRIPTION (continued).**

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	12-31-04	12-31-05	12-31-06
	-----	-----	-----
Actuarial Value of Assets	\$5,551,047	\$6,297,803	\$6,726,871
Actuarial Accrued Liability	\$6,605,775	\$7,531,492	\$7,576,650
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$1,054,728	\$1,233,689	\$ 849,779
Percentage Funded	84.03%	83.62%	88.78%
Annual Covered Payroll	\$2,591,419	\$2,562,858	\$2,639,404
UAAL as a Percentage of Covered Payroll	40.70%	48.14%	32.20%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 226,490	\$ 245,009	\$ 245,729
Contributions Made	\$ 226,490	\$ 245,009	\$ 245,729
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

The County is one of 573 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 12-31-06 valuations are contained in the 2006 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 18: HEALTH CARE COVERAGE**

During the year ended September 30, 2007, all full time employees were covered by a healthcare insurance plan. The County pays the total cost of premiums for the employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. This healthcare plan is funded through Firstcare, a Health Maintenance Organization (HMO), and the terms of coverage and contribution costs are included in the contractual provisions.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**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, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - Lamb Healthcare Center is an enterprise fund of Lamb County, State of Texas. It was established for the purpose of maintaining a system to provide hospital and medical care to the residents of Lamb County. The Hospital is supported, in part, by ad valorem taxes on real and personal property, and transfers from the County as subsidies. The Hospital is responsible for the indigent healthcare of the County. On August 1, 1991, the County purchased all of the assets and assumed all the liabilities of the Lamb County Hospital Authority. The new entity is Lamb County Hospital d/b/a Lamb Healthcare Center. The assets were valued based on the purchase price, which was equal to the net liabilities assumed. This valuation recorded assets based on liquidity; thus the entire property, plant, and equipment were recorded at residual land value. The actual assets are the same as what existed under the prior owners, but a lesser value was given for the assets based on their lack of liquidity. The Authority recorded a net loss on the transaction of \$1,106,275.

**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.



LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

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

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

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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 District's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating financing costs.

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

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

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**NOTE 2: NET PATIENT SERVICE REVENUE**

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

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 2: NET PATIENT SERVICE REVENUE (continued)**

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

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

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

Net Patient Revenue is comprised as follows:

Routine Patient Services	\$ 1,041,256
Ancillary Patient Services	
Inpatient	4,436,576
Outpatient	8,457,197
	-----
Gross Patient Service Revenue	\$ 13,935,029
Charity	(129,710)
Contractual Adjustments and Discounts	(3,083,529)
Provision for Bad Debts	(2,699,206)
Disproportionate Share	307,256
	-----
Net Patient Service Revenue	\$ 8,329,840
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 2: NET PATIENT SERVICE REVENUE (continued)**

**Estimated Third-Party Payer Settlements** - Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Anticipated final settlement amounts from current and prior years' cost reports are recorded in the financial statements as they are determined by the Hospital. Net patient service revenue increased approximately \$29,652 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, 2007 are \$230,971.

**NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS**

At September 30, 2007, the carrying amount of the Hospital's deposits with financial institutions was \$(1,279) and the bank balance was \$321,030. The bank balance is protected by Federal Deposit Insurance Corporation coverage and by the County's specific securities pledged to secure the deposits. All cash is deposited through the County Commissioners Office. The County Commissioners meet twice a month, the second and last Monday of the month to approve all cash disbursements.

**NOTE 4: MEDICAID DISPROPORTIONATE SHARE FUNDS**

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 4: MEDICAID DISPROPORTIONATE SHARE FUNDS (continued)**

The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured poor, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal laws offer considerable flexibility to recipient hospitals regarding specific use of the funds. During 2007 the Hospital received \$307,256 in Medicaid disproportionate share funds.

**NOTE 5: ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at September 30:

Patient Accounts Receivable	\$ 4,746,754
Less: Allowance for Bad Debts	(2,264,123)
Allowance for Contractuals	(697,847)
	-----
Patient Accounts Receivable, Net of Allowance	\$ 1,784,784
	=====

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

Medicare	29%
Medicaid	15%
Other Third-Party Payers	32%
Patients	24%
	-----
Total	100%
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 6: CAPITAL ASSETS**

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

	Balance 9/30/06	Additions	Retirements	Balance 9/30/07
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	2,929			2,929
Fixed Equipment	770,002	185,981		955,983
Major Moveable Equipment	1,961,896	584,674		2,546,570
Construction in Progress		12,680		12,680
Totals at historical cost	\$ 2,796,649	\$ 783,335	\$ -0-	\$ 3,579,984
Less Accumulated Depreciation for:				
Land Improvements	(806)	(293)		(1,098)
Fixed Equipment	(512,323)	(50,383)		(562,706)
Major Moveable Equipment	(1,459,097)	(185,536)		(1,644,633)
Total Accumulated Depreciation	\$ (1,972,226)	\$ (236,212)	\$ -0-	\$ (2,208,438)
Capital Assets, Net	\$ 824,422	\$ 547,123	\$ -0-	\$ 1,371,547

Depreciation expense for the year ended September 30, 2007 is \$236,212.

**NOTE 7: RELATED PARTIES**

**County-**The Hospital receives funds from the County for indigent patient care, capital improvements, repairs, and other operating costs. These funds are partially provided through the County's general tax revenues. During 2007 the Hospital received \$1,168,273 from the County for operations.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a  
LAMB HEALTHCARE CENTER  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**NOTE 7: RELATED PARTIES (continued)**

**Management Contract**-In accordance with the terms of an agreement dated January 23, 1993, the Hospital is managed by Covenant Hospital Systems ("Covenant"). The agreement's provision includes Covenant providing certain employees such as an administrator. Furthermore, Covenant provides consultation to the Board of Managers with respect to health care related matters and operations to the Hospital. In return for these services, the Hospital pays an annual management fee to Covenant and reimburses Covenant for salaries and related salary expenses for the administrator. During 2007 the Hospital recorded management fees to Covenant in the amount of \$116,787.



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, 2007

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,940,667	\$ 5,940,667	\$ 6,199,791	\$ 259,124
Charges For Services	263,000	263,000	591,549	328,549
Fines and Fees	204,000	204,000	176,285	(27,715)
Vehicle Registration \$ Fees	539,000	539,000	606,267	67,267
Lateral Road	36,000	36,000	79,590	43,590
Grants	-0-	-0-	12,177	12,177
Interest on Investments	248,500	248,500	349,294	100,794
Miscellaneous	258,805	258,805	276,140	17,335
<b>Total Revenues</b>	<b>\$ 7,489,972</b>	<b>\$ 7,489,972</b>	<b>\$ 8,291,093</b>	<b>\$ 801,121</b>
<b>Expenditures</b>				
District Judge	\$ 119,248	\$ 119,248	\$ 76,678	\$ 42,570
District Clerk	115,950	115,950	116,145	(195)
County Judge	941,774	941,774	868,887	72,887
County Clerk	235,278	235,278	253,049	(17,771)
Tax Office	238,077	238,077	223,738	14,339
County Treasurer	95,445	95,445	76,106	19,339
County Attorney	157,673	157,673	152,941	4,732
Justice of Peace				
Precinct #1-4	238,942	238,942	237,499	1,443
County Veterans & Welfare	57,827	57,827	49,870	7,957
Adult Probation	1,050	1,050	994	56
Juvenile Probation	304,906	304,906	259,524	45,382
County Extension Office	88,283	88,283	59,221	29,062
County Sheriff	1,928,281	1,928,281	1,659,156	269,125
County Library	162,547	162,547	169,175	(6,628)
Road & Bridge Precinct #1-4	1,571,615	1,571,615	1,296,993	274,622
Jury	14,000	14,000	3,322	10,678
Grants Department	-0-	-0-	7,591	(7,591)
Capital Outlay	450,000	450,000	584,405	(134,405)
<b>Total Expenditures</b>	<b>\$ 6,720,896</b>	<b>\$ 6,720,896</b>	<b>\$ 6,095,294</b>	<b>\$ 625,602</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 769,076</b>	<b>\$ 769,076</b>	<b>\$ 2,195,799</b>	<b>\$ 1,426,723</b>

The accompanying notes are an integral part of this statement.  
(50)

LAMB COUNTY, TEXAS  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**  
**For Year Ended September 30, 2007**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 9,866,000	\$ 9,866,000	\$ 9,609,124	\$ (256,876)
Operating Transfers Out	(10,766,000)	(10,766,000)	(10,712,487)	53,513
Total Other Financing Sources (Uses)	\$ (900,000)	\$ (900,000)	\$ (1,103,363)	\$ (203,363)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (130,924)	\$ (130,924)	\$ 1,092,436	\$ 1,223,360
Fund Balance at Beginning of Year	1,339,350	1,339,350	1,339,350	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	-0-	-0-
Fund Balance at End of Year	\$ 1,208,426	\$ 1,208,426	\$ 2,431,786	\$ 1,223,360

The accompanying notes are an integral part of this statement.  
(51)

COMBINING STATEMENTS

LAMB COUNTY, TEXAS  
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES  
September 30, 2007

	General	Road and Bridge	Jury	Total
	-----	-----	-----	-----
<b>Assets</b>				
-----				
Cash in Bank	\$3,895,642	\$ 675,988	\$ 56,973	\$4,628,603
Investments	48,672	199,117	12,887	260,676
Delinquent Tax Receivable	286,628			286,628
Allowance for Uncollectible Tax	(28,663)			(28,663)
Due From County Clerk	4,050			4,050
Due From Tax Office	10,576			10,576
Due From Sheriff Dept	1,575			1,575
	-----	-----	-----	-----
Total Assets	\$4,218,480	\$ 875,105	\$ 69,860	\$5,163,445
	=====	=====	=====	=====
<b>Liabilities and Fund Balance</b>				
-----				
Accounts Payable	\$ 388,928	\$ 70,868	\$	\$ 459,796
Other Current Liabilities	73			73
Due to Other Funds	1,979,186			1,979,186
Deferred Revenue	257,965			257,965
Note Payable		34,639		34,639
	-----	-----	-----	-----
Total Liabilities	\$2,626,152	\$ 105,507	\$ -0-	\$2,731,659
	-----	-----	-----	-----
Fund Balance - Reserved	\$ 221,734	\$	\$	\$ 221,734
Fund Balance - Unreserved	1,370,594	769,598	69,860	2,210,052
	-----	-----	-----	-----
Total Fund Balance	\$1,592,328	\$ 769,598	\$ 69,860	\$2,431,786
	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$4,218,480	\$ 875,105	\$ 69,860	\$5,163,445
	=====	=====	=====	=====

LAMB COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GENERAL FUND TYPES  
For Year Ended September 30, 2007

	General	Road and Bridge	Jury	Total
	-----	-----	-----	-----
Revenues				
-----				
Taxes	\$5,241,226	\$ 958,204	\$ 361	\$6,199,791
Charges for Services	591,549			591,549
Fines and Fees	176,285			176,285
Vehicle Registration				
And Fees	64,697	541,570		606,267
Lateral Road		79,590		79,590
Grants	12,177			12,177
Interest on Investment	294,224	50,812	4,258	349,294
Miscellaneous	265,832	10,308		276,140
	-----	-----	-----	-----
Total Revenues	\$6,645,990	\$1,640,484	\$ 4,619	\$8,291,093
	-----	-----	-----	-----
Expenditures				
-----				
District Judge	\$ 76,678	\$	\$	\$ 76,678
District Clerk	116,145			116,145
County Judge	868,887			868,887
County Clerk	253,049			253,049
Tax Office	223,738			223,738
County Treasurer	76,106			76,106
County Attorney	152,941			152,941
Justice of Peace				
Precinct No. 1-4	237,499			237,499
County Veterans & Welfare	49,870			49,870
Adult Probation	994			994
Juvenile Probation	259,524			259,524
County Extension Office	59,221			59,221
County Sheriff	1,659,156			1,659,156
County Library	169,175			169,175
Road and Bridge				
Precinct No. 1-4		1,296,993		1,296,993
Jury			3,322	3,322
Grants	7,591			7,591
Capital Outlay	432,442	151,963		584,405
	-----	-----	-----	-----
Total Expenditures	\$4,643,016	\$1,448,956	\$ 3,322	\$6,095,294
	-----	-----	-----	-----

LAMB COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GENERAL FUND TYPES  
For Year Ended September 30, 2007

	General	Road and Bridge	Jury	Total
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,002,974	\$ 191,528	\$ 1,297	\$ 2,195,799
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating Transfers In	\$ 9,609,124	\$	\$	\$ 9,609,124
Operating Transfers Out	(10,712,487)			(10,712,487)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (1,103,363)	\$ -0-	\$ -0-	\$ (1,103,363)
	-----	-----	-----	-----
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 899,611	\$ 191,528	\$ 1,297	\$ 1,092,436
Fund Balance at Beginning of Year	692,717	578,070	68,563	1,339,350
Increase (Decrease) in Fund Balance	-0-	-0-	-0-	-0-
	-----	-----	-----	-----
Fund Balance at End of Year	\$ 1,592,328	\$ 769,598	\$ 69,860	\$ 2,431,786
	=====	=====	=====	=====

LAMB COUNTY, TEXAS  
COMBINING BALANCE SHEET  
ROAD AND BRIDGE FUNDS  
September 30, 2007

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
<b>ASSETS</b> -----					
Cash	\$167,441	\$109,159	\$281,189	\$118,199	\$675,988
Investment - CD's (Note 1)	100,968	807	24,523	72,819	199,117
Due From Other	-----	-----	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$268,409</b> =====	<b>\$109,966</b> =====	<b>\$305,712</b> =====	<b>\$191,018</b> =====	<b>\$875,105</b> =====
<b>LIABILITIES AND FUND BALANCE</b> -----					
Accounts Payable	\$ 8,983	\$ 46,912	\$ 5,618	\$ 9,355	\$ 70,868
Note Payable	-----	-----	-----	34,639	34,639
<b>TOTAL LIABILITIES</b>	<b>\$ 8,983</b>	<b>\$ 46,912</b>	<b>\$ 5,618</b>	<b>\$ 43,994</b>	<b>\$105,507</b>
Fund Balance (Deficit)	259,426	63,054	300,094	147,024	769,598
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$268,409</b> =====	<b>\$109,966</b> =====	<b>\$305,712</b> =====	<b>\$191,018</b> =====	<b>\$875,105</b> =====



LAMB COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL  
ROAD AND BRIDGE FUNDS  
For Year Ended September 30, 2007

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 239,550	\$ 239,551	\$ 239,551	\$ 239,552	\$ 958,204	\$ 906,096	\$ 52,108
Car Tags	135,393	135,393	135,392	135,392	541,570	500,000	41,570
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL TAX COLLECTOR	\$ 374,943	\$ 374,944	\$ 374,943	\$ 374,944	\$ 1,499,774	\$ 1,406,096	\$ 93,678
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
OTHER REVENUE:							
Machine Hire	\$	\$	\$	\$	\$ -0-	\$ -0-	\$ -0-
Lateral Road	19,897	19,896	19,899	19,898	79,590	36,000	43,590
Interest	14,763	10,701	15,738	9,610	50,812	33,500	17,312
Miscellaneous	4,169	2,783	1,678	1,678	10,308	4,500	5,808
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL OTHER REVENUE	\$ 38,829	\$ 33,380	\$ 37,315	\$ 31,186	\$ 140,710	\$ 74,000	\$ 66,710
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL REVENUE	\$ 413,772	\$ 408,324	\$ 412,258	\$ 406,130	\$ 1,640,484	\$ 1,480,096	\$ 160,388
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

LAMB COUNTY, TEXAS  
**COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL**  
**ROAD AND BRIDGE FUNDS**  
For Year Ended September 30, 2007

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
<b>EXPENDITURES:</b>							
Salaries:							
Commissioners	\$ 39,173	\$ 39,172	\$ 39,172	\$ 39,172	\$ 156,689	\$ 156,689	\$ -0-
Employees	116,767	110,022	104,503	104,097	435,389	512,237	76,848
Part-Time	488			658	1,146	12,000	10,854
Telephone	892	1,664	2,724	1,029	6,309	6,400	91
Postage					-0-	-0-	-0-
Stationary & Supplies					-0-	-0-	-0-
Furniture & Equipment					-0-	-0-	-0-
Travel	826	834	92	292	2,044	5,400	3,356
Education	450	450		100	1,000	1,600	600
Automobile Allowance			6,000		6,000	6,000	-0-
Group Insurance	21,380	20,024	19,564	19,850	80,818	106,020	25,202
Retirement	15,296	13,201	13,680	13,276	55,453	63,348	7,895
Social Security	11,864	11,311	10,453	9,986	43,614	52,091	8,477
Bonds				178	178	180	2
Machine Hire		15,000			15,000	2,000	(13,000)
Parts & Repairs	33,743	87,518	29,777	37,792	188,830	137,000	(51,830)
Fuel & Oil	48,401	63,041	39,735	65,019	216,196	220,000	3,804
Material & Supply	7,869	22,213	8,064	10,830	48,976	75,000	26,024
Utilities	5,218	1,392	1,156	1,841	9,607	9,600	(7)
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Car Tags	365	192	192	191	940	1,750	810
Capital Outlay	36,040	46,250	24,169	10,590	117,049	285,000	167,951
Unemployment Insurance					-0-	-0-	-0-
Workmen's Comp.	5,140	5,139	5,139	5,140	20,558	44,000	23,442
Auto & Liability Insurance	4,389	3,638	3,922	3,854	15,803	20,900	5,097
Highway Maintenance		22,277			22,277	53,000	30,723
Contract Services	1,080		1,000		2,080	3,400	1,320
<b>TOTAL EXPENDITURES</b>	<b>\$ 350,131</b>	<b>\$ 464,088</b>	<b>\$ 310,092</b>	<b>\$ 324,645</b>	<b>\$ 1,448,956</b>	<b>\$ 1,776,615</b>	<b>\$ 327,659</b>

LAMB COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGE IN FUND BALANCES  
ROAD AND BRIDGE FUNDS  
September 30, 2007

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2006	\$195,785	\$118,818	\$197,928	\$ 65,539	\$ 578,070
ADD: Revenue	413,772	408,324	412,258	406,130	1,640,484
DEDUCT: Expenditures	(350,131)	(464,088)	(310,092)	(324,645)	(1,448,956)
	-----	-----	-----	-----	-----
FUND BALANCE (DEFICIT) September 30, 2007	\$259,426 =====	\$ 63,054 =====	\$300,094 =====	\$147,024 =====	\$ 769,598 =====

SUPPLEMENTAL INFORMATION

LAMB COUNTY, TEXAS  
SCHEDULE OF INVESTMENTS-ALL FUNDS  
SEPTEMBER 30, 2007

	Group	Book Value
	-----	-----
Certificate of Deposit		
-----		
Texpool:		
-----		
General Fund	14002	\$ 46,790
Precinct One	14002	59,176
Cash Account Trust - Government Cash		
Institutional Shares Portfolio Fund:		
-----		
General Fund		1,882
Precinct One		41,792
Precinct Two		807
Precinct Three		24,523
Precinct Four		72,819
Jury Fund		12,887
Debt Service Fund		20,814
		-----
Total		\$ 281,490
		=====

EXHIBIT H-2

LAMB COUNTY, TEXAS  
SCHEDULE OF BONDS  
SEPTEMBER 30, 2007

<u>DATE OF ISSUE</u>	<u>DESCRIPTION</u>	<u>INTEREST RATE</u>	<u>(TERMS) MATURITY SCHEDULE</u>	<u>FUND PAYABLE FROM</u>	<u>AMOUNTS OUTSTANDING 10-1-06</u>	<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>
09-15-97	CERTIFICATE OF OBLIGATION, SERIES 1997	4.50% TO 6.10%	10 YEARS	DEBT SERVICE FUND	\$ 200,000 =====	\$ -0- =====	\$ 200,000 =====

<u>AMOUNTS OUTSTANDING 9-30-07</u>	<u>INTEREST CURRENT YEAR</u>
\$ -0- =====	\$ 11,800 =====

LAMB COUNTY, TEXAS  
**SCHEDULE OF OTHER RESERVED FUND BALANCE**  
**RECORD MANAGEMENT, BAIL BONDS LICENSE & COURT TECHNOLOGY ACCOUNTS**  
**SEPTEMBER 30, 2007**

	MANDATORY COUNTY		COUNTY CLERK	DISTRICT CLERK	
	RECORDS MANAGEMENT	COURTHOUSE SECURITY	RECORDS MANAGEMENT	RECORDS MANAGEMENT	SUPPORT OF JUDICIARY
BALANCE 10-1-06	\$ 23,285	\$ 50,313	\$ 95,259	\$ 1,440	\$ -0-
REVENUE					
County Clerk	\$ 8,050	\$ 1,091	\$ 15,417	\$	\$ 1,312
District Clerk	2,664	1,452		466	484
Justice of Peace		4,543			717
Bail Bonds Board					
Total Revenue	\$ 10,714	\$ 7,086	\$ 15,417	\$ 466	\$ 2,513
EXPENDITURES					
County Clerk	\$	\$	\$ 7,422	\$	\$
District Clerk					
Justice of Peace					
Bail Bonds Board					
County Courthouse					
Security		464			
Total Expenditures	\$ -0-	\$ 464	\$ 7,422	\$ -0-	\$ -0-
BALANCE 9-30-07	\$ 33,999	\$ 56,935	\$ 103,254	\$ 1,906	\$ 2,513

LAMB COUNTY, TEXAS  
SCHEDULE OF OTHER RESERVED FUND BALANCE  
RECORD MANAGEMENT, BAIL BONDS LICENSE & COURT TECHNOLOGY ACCOUNTS  
SEPTEMBER 30, 2007

	JUSTICE OF PEACE				
	COURT TECHNOLOGY				
	PRECINCT #1	PRECINCT #2	PRECINCT #3	PRECINCT #4	JP COURT SECURITY
BALANCE 10-1-06	\$ 855	\$ 1,884	\$ 20,978	\$ 2,377	\$ 1,306
REVENUE					
Justice of Peace #1	\$ 385	\$	\$	\$	\$
Justice of Peace #2		28			
Justice of Peace #3			4,218		709
Justice of Peace #4				849	
Total Revenue	\$ 385	\$ 28	\$ 4,218	\$ 849	\$ 709
EXPENDITURES					
Justice of Peace #1	\$ 1,082	\$	\$	\$	
Justice of Peace #2		1,884			
Justice of Peace #3			10,737		
Justice of Peace #4				2,005	
JP Court Security					
Total Expenditures	\$ 1,082	\$ 1,884	\$ 10,737	\$ 2,005	\$ -0-
BALANCE 9-30-07	\$ 158	\$ 28	\$ 14,459	\$ 1,221	\$ 2,015



LAMB COUNTY, TEXAS  
SCHEDULE OF OTHER RESERVED FUND BALANCE  
RECORD MANAGEMENT, BAIL BONDS LICENSE & COURT TECHNOLOGY ACCOUNTS  
SEPTEMBER 30, 2007

	BAIL BONDS LICENSE	DWI VIDEOS
BALANCE 10-1-06	\$ 4,854	\$ -0-
REVENUE		
County Clerk	\$	\$ 472
District Clerk		120
Justice of Peace		
Bail Bonds Board		
Total Revenue	\$ -0-	\$ 592
EXPENDITURES		
County Clerk	\$	\$
District Clerk		
Justice of Peace		
Bail Bonds Board		
County Attorney		200
County Courthouse Security		
Total Expenditures	\$ -0-	\$ 200
BALANCE 9-30-07	\$ 4,854	\$ 392

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS  
STATEMENT OF FIXED ASSETS  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
	-----	-----	-----	-----
<u>Precinct #1</u>				
Shredder	\$ 400	\$	\$	\$ 400
Pneumatic Roller #7816	1,970			1,970
Snow Plow	150			150
Bed and Hoist	2,977			2,977
JD 4040 Tractor	24,360			24,360
Belshe T-2 3 Axle Pintle Hitch Trailer #4KOGOO (2-84)	3,898			3,898
SM60 Bush Hog 60 Mower (10-65)	4,245			4,245
JD 410B Backhoe SN723439 (9-86)	43,800			43,800
1989 Mack Dump Truck	47,000			47,000
1991 Chevy Pickup SN130341 (5-91)	13,805			13,805
Used Grid Roller (4-93)	12,500			12,500
Mack Truck (4-93)	7,500			7,500
Bottom Dump Trailer (4-93)	21,500			21,500
Ripper (9-93)	7,750			7,750
1968 Mack Truck (10-94)	5,650			5,650
1977 Dodge Tank Truck T81HZ3T (1-96)	7,000			7,000
Roller (2-96)	2,000			2,000
Radio Equipment (3-96)	10,107			10,107
Tandem Axle Unit (9-96)	900			900
12' Utility Trailer (10-97)	900			900
938 G Caterpillar (9-98)	85,000			85,000
Forklift W/Bucket Loader (9-98)	4,000			4,000
Trailer Low Bed (1-98)	1,346			1,346
Welder (12-97)	1,265			1,265
JD 4840 Tractor - # 008118 (839)	14,850		14,850	-0-
1999 Dump Truck - # 0383 (853)	23,500			23,500
1999 Dump Truck - # 0382 (854)	23,500			23,500
Packer (857)	500			500
Mower	475			475
140 H Mtr Grader #22K05091	117,500			117,500
2000 Chev P/U Model K2500	22,093			22,093
2001 JD 770CH Motor Grader - #579203 (945)	87,500			87,500
Tandem Disc (968)	900			900
(4) Two-Way Radios (1001)	1,904			1,904
Grid Roller Hitch	2,093			2,093
1996 Mack Truck - #57132	13,000			13,000
1996 Mack Truck - #57136	13,000			13,000
1997 Mack Truck - #65596	15,000			15,000
Caterpillar Escavator - #9RL00289 (960)	64,942			64,942

LAMB COUNTY, TEXAS  
STATEMENT OF FIXED ASSETS  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
<u>Precinct # 1 (continued)</u>				
Jeep Truck Wrecker	5,100			5,100
2003 JD 770CH Grader	92,329			92,329
2003 Big Tex Trailer	11,000			11,000
140 H MTR Grader #CCA01087	112,186			112,186
2003 Chevy Crew Cab P/U	12,600			12,600
2003 Chevy K1500 P/U	11,500			11,500
JD 7800 MFWD Tractor #08183		27,234		27,234
Bush Hog Shredder #00635		11,900		11,900
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equipment	\$ 955,495	\$ 39,134	\$ 14,850	\$ 979,779
 Lots	900			900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
Fence Olton Barn (8-87)	2,600			2,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total Pct # 1	\$ 997,521	\$ 39,134	\$ 14,850	\$1,021,805
	<hr/>	<hr/>	<hr/>	<hr/>

LAMB COUNTY, TEXAS  
**STATEMENT OF FIXED ASSETS**  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
<u>Precinct #2</u>				
2 - Culvert Trailers	\$ 1,000	\$	\$	\$ 1,000
1 - Shop Made Trailer	500			500
Miller Tilt Top Trailer 18038	4,744			4,744
1978 Mack W/Dump 72266	28,610			28,610
1987 3/4 Ton Pickup	9,350			9,350
1988 GMC Pickup SN578015 (6-88)	12,285			12,285
1-Shop Made Trailer	500			500
1 Spray Rig Complete	2,648			2,648
1982 Clements Dump Trailer SN 1B3BM1 (4-91)	14,000			14,000
1 - Roller Grid	13,800			13,800
Trailer (9-93)	3,600			3,600
1995 Chevy 3/4 Ton Pickup (4-94)	15,709			15,709
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
1989 Mack - #7057 (855)	24,000			24,000
Fuel Truck - #0799 (865)	2,740			2,740
938 G Cat Wheel Loader #47501647	75,000			75,000
140 H Version Mtr Grader #22K05067	109,000			109,000
2000 Ford F150 P/U #YKA850	21,290			21,290
2001 Motor Grader - # K06524 (958)	109,000			109,000
Hyster Grid Roller - #BEE - 2002 (1004)	13,250			13,250
Hyster Grid Roller	12,000			12,000
Caterpillar 140H Grader	115,083			115,083
1996 Mack Truck	20,000			20,000
2000 Chevy Ext Cab P/U #1224783	7,600			7,600
140 H MTR Grader #CCA01045	110,377			110,377
Crust Buster Shredder #00669		10,900		10,900
2001 MTR Grader Repairs #33		17,435		17,435
JD 4250 MFD Tractor #05535		24,850		24,850
2002 Chevy P/U #16678		10,500		10,500
 Total Equipment	 \$ 752,586	 \$ 63,685	 \$ -0-	 \$ 816,271
 Land	 1,450			 1,450
Barn	19,618			19,618
 Total Pct # 2	 \$ 773,654	 \$ 63,685	 \$ -0-	 \$ 837,339

LAMB COUNTY, TEXAS  
STATEMENT OF FIXED ASSETS  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
<b>Precinct #3</b>				
Welding Machine	\$ 306	\$	\$	\$ 306
Propane Tank	160			160
Magnetic Nail Picker	339			339
Wisconsin Trailer	1,800			1,800
Asphalt Pot on Trailer	4,000			4,000
Case Tractor 864180	10,750			10,750
Eversman Float	400			400
Pneumatic Packer	500			500
1987 Chevy Truck (11-86) SNHV103305	26,957			26,957
5 HP Air Compressor (7-87)	300			300
1-1955 Trailmobile Tank (5-88)	1,750			1,750
Shredder #930458 (12-87)	5,000			5,000
1968 Chevy Truck SN144162 (5-88)	2,900			2,900
1980 Timple Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timple Beal Belly Dump Trailer	10,500			10,500
Trailer Tandem Axle	400			400
14' Offset Tandem (3-94)	1,700			1,700
16' Miller Plow (3-94)	2,500			2,500
Dunham Belly Dump (2-95)	10,500			10,500
Miller Offset Plow (2-95)	2,500			2,500
Campac Packers (4-95)	5,000			5,000
1976 GMC Truck (10-94)	2,000			2,000
1957 Trim Tank Trailer (4-96)	1,700			1,700
1981 Chevy Pickup (9-96) 334003	1,250			1,250
12' Flail Shredder (9-96)	850			850
Compressor - 7.5 HP/80 Gal	1,600			1,600
1994 Ford Pickup F150 (9-98)	4,500			4,500
140H Caterpillar (9-98)	85,000			85,000
544H JD Loader - #1267 (850)	97,500			97,500
140 H Cat - #4286 (858)	111,000		111,000	-0-
1986 Cherokee Truck - #9514 (859)	6,000			6,000
JD 4440 Tractor (868)	6,700			6,700
Welder	300			300
1990 GMC P/U	3,150			3,150

LAMB COUNTY, TEXAS  
STATEMENT OF FIXED ASSETS  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
<u>Precinct #3 (continued)</u>				
1966 Cook BTM Dump Truck #A5658	1,000			1,000
1979 Mack Truck #T42579	4,000			4,000
1985 Int Truck Tractor #A12718	7,500			7,500
Hyster Tow Type Vibratory Roller #B79C59K	2,500			2,500
Bush Hog Flex-Wing Shredder #12-09661	8,500			8,500
1988 Chev 4X4 P/U - #147173 (941)	2,700			2,700
1991 Chev P/U - #205860 (957)	3,300			3,300
1988 Mack Truck	10,000			10,000
140H CAT - #7096 (974)	117,000			117,000
Caterpillar 140H Grader	96,642			96,642
Road Groom Machine	13,264			13,264
2000 Chevy Z71 P/U	5,000			5,000
Volvo G930 MTR Grader #70090		49,144		49,144
Total Equipment	\$ 696,718	\$ 49,144	\$ 111,000	\$ 634,862
Iron Clad Barn	10,000			10,000
Total Pct # 3	\$ 706,718	\$ 49,144	\$ 111,000	\$ 644,862

LAMB COUNTY, TEXAS  
STATEMENT OF FIXED ASSETS  
September 30, 2007

	Balance 9-30-06	Additions	Deletions	Balance 9-30-07
<u>Precinct #4</u>				
1965 Wisconsin SN2297	\$ 1,544	\$	\$	\$ 1,544
Welder	149			149
Floor Jack	350			350
Magnetic Nail Picker	1,507			1,507
Snow Plow	1,250			1,250
Dump Bed	1,545			1,545
1961 Chevy Pickup 130017	3,600			3,600
1974 Mack Truck SN 22339 (9-84)	13,750			13,750
Hyster Grid Roller SN301600L (3-86)	16,500			16,500
1978 International Truck (7-86) SN HCA10890	4,800			4,800
1988 GMC Pickup SN575697 (4-88)	11,388			11,388
Rhino Rotary Cutter Shredder - SN 10117	6,500			6,500
1984 Mack Truck SN 087417 (3-91)	22,690			22,690
936E Wheel Loader 04SB02649	90,000			90,000
1988 Cat Backhoe SN5PC06404	19,000			19,000
Ripper W/Pushblock (864)	8,739			8,739
1989 Chev P/U - #0082 (577)	12,850			12,850
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)	117,500			117,500
Caterpillar 140H Grader	107,441			107,441
1994 Mack Truck	12,500			12,500
Hyster Grid Roller	14,685			14,685
2000 Chevy ¾ Ton P/U #139972	7,600			7,600
140H Cat - CAT #2658	106,002			106,002
2000 Kenworth T800	29,547			29,547
2006 GMC K1500 P/U	21,555			21,555
Total Equipment	\$ 795,892	\$ -0-	\$ -0-	\$ 795,892
Land	2,000			2,000
Barn	10,000			10,000
Total Pct #4	\$ 807,892	\$ -0-	\$ -0-	\$ 807,892



OFFICE OF THE TAX ASSESSOR-COLLECTOR

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
CONSOLIDATED SUMMARY OF TAX REPORTS  
For Year Ended September 30, 2007

	<u>Total</u>	<u>County Taxes</u>	<u>Motor Vehicle Tax</u>	<u>Vehicle Registration</u>	<u>Title Applications</u>
Receipts:					
Taxes and Fees Collected	<u>\$14,468,368</u>	<u>\$12,135,710</u>	<u>\$1,372,158</u>	<u>\$ 916,361</u>	<u>\$ 44,139</u>
Disbursements:					
County Treasurer-Taxes & Tags	\$ 6,806,805	\$ 6,267,944	\$	\$ 538,861	\$
County Treasurer-Fees	49,887	2,439		27,183	20,265
Water District	57,157	57,157			
Discounts	56,732	56,732			
Attorney Fees	60,682	60,682			
City Tax Collections	1,189,056	1,189,056			
School Tax Collections	4,501,700	4,501,700			
State Treasurer	1,299,852		1,299,852		
VIT Escrow Account	72,306		72,306		
Texas Highway Department	369,471			345,597	23,874
Texas Agricultural Finance Authority	4,720			4,720	
Total Disbursements	<u>\$14,468,368</u>	<u>\$12,135,710</u>	<u>\$1,372,158</u>	<u>\$ 916,361</u>	<u>\$ 44,139</u>

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
SUMMARY OF MONTHLY REPORTS-AD VALOREM TAXES  
For Year Ended September 30, 2007

Receipts

2006 Roll:	
County/Hospital/Debt Service	\$ 6,157,062
Penalty and Interest	29,759
Delinquent:	
County/Hospital/Debt Service	106,647
Penalty and Interest	30,737
Other:	
Water District	60,067
Attorney Fees	60,682
City Tax Collections	1,189,056
School Tax Collections	4,501,700
	-----
Total Receipts	\$12,135,710
	=====

Disbursements:

County Treasurer-Taxes & Tags	\$ 6,267,944
County Treasurer-Fees	2,439
Water District	57,157
Discounts	56,732
Attorney Fees	60,682
City Tax Collections	1,189,056
School Tax Collections	4,501,700
	-----
Total Disbursements	\$12,135,710
	=====

Reconciliation With County Treasurer

FYE 9-30-07 Receipts Per County Treasurer	\$ 6,270,876
Less: FYE 9-30-06 Receipts Received in FYE 9-30-07	(2,932)
Add: Disbursements Made By Tax Assessor-Collector	
For Lamb County:	
Water District & Fees	\$ 59,596
Discounts	56,732
Attorney Fees	60,682
City Tax Collections	1,189,056
School Tax Collections	4,501,700
	-----
Ad Valorem Taxes Collected Per	
Monthly Reports	\$12,135,710
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
SUMMARY OF MONTHLY REPORTS-MOTOR VEHICLE SALES, USE, AND INVENTORY TAX  
For Year Ended September 30, 2007

Receipts:	
Taxes Collected	\$1,372,158 =====
Disbursements:	
State Treasurer-Taxes	\$1,299,852
VIT Escrow Account	72,306 -----
	\$1,372,158 =====
<u>Reconciliation of Escrow Account</u>	
Escrow Balance FYE 9-30-06	\$ 54,986
Reports 10-1-06 to 12-31-06	19,378 -----
	\$ 74,364 -----
Disbursement to Tax Entities	74,364 -----
Balance	\$ -0-
Reports 1-1-07 to 9-30-07	52,928 -----
Escrow Balance FYE 9-30-07	\$ 52,928 =====

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
SUMMARY OF WEEKLY REPORTS-VEHICLE REGISTRATION  
For Year Ended September 30, 2007

Receipts:

Vehicle Registration	\$786,036	
County Road & Bridge Fund	125,605	
Young Farmer Endowment Program	4,720	
	-----	
Total Receipts		\$916,361
		=====

Disbursements:

County Treasurer Tags	* \$538,861	
County Treasurer Fees	* 27,183	
Texas Highway Department	345,597	
Texas Agricultural Finance Authority	4,720	
	-----	
Total Disbursements		\$916,361
		=====

Reconciliation With Treasurer

Receipts Per Treasurer FYE 9-30-07	\$569,321
Less: FYE 9-30-06 Receipts Received in FYE 9-30-07	(3,277)
Add: FYE 9-30-07 Receipts Received in FYE 9-30-08	-0-
	-----
Total County Tags and Fees FYE 9-30-07	\$566,044*
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
SUMMARY OF DAILY REPORTS-TITLE APPLICATIONS/TAX CERTIFICATES  
For Year Ended September 30, 2007

Receipts:	
Title Applications	\$ 38,389
Tax Certificates	5,750
	-----
	\$ 44,139
	=====

Disbursements:	
County Treasurer Fees	\$ 20,265
Texas Highway Department Fees	23,874
	-----
	\$ 44,139
	=====

<u>Reconciliation With Treasurer</u>	
Receipts Per Treasurer FYE 9-30-07	\$ 21,130
Less: FYE 9-30-06 Receipts Received in FYE 9-30-07	(865)
Add: FYE 9-30-07 Receipts Received in FYE 9-30-08	-0-
	-----
Total County Fees FYE 9-30-07	\$ 20,265
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
2006 ROLL  
For The Year Ended September 30, 2007

Roll

----	
Taxable Value	\$796,528,948 =====
 Tax Levy	 \$ 6,345,946
 Collections	
-----	
October 1, 2006 thru	
June 30, 2007	6,157,062 -----
 Balance June 30, 2007	 \$ 188,884 =====

LAMB COUNTY, TEXAS  
OFFICE OF THE TAX ASSESSOR-COLLECTOR  
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES  
September 30, 2007

	Dollars	Percent
	-----	-----
Constitutional Levies		
-----		
Total Tax Per \$100 Valuation	\$ .7967	100.00
	=====	=====
Distribution as Follows:		
Jury Fund	\$ .0000	00.00
General Fund	.5151	64.65
General Road & Bridge	.1214	15.24
Hospital	.1474	18.50
Debt Service Fund	.0128	01.61
	-----	-----
County Tax Rate	\$ .7967	100.00
	=====	=====



LAMB COUNTY, TEXAS  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**YEAR ENDED SEPTEMBER 30, 2007**

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-06	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-07
1998 & Prior Years			\$ 21,784	\$	\$ 774	\$ (11,155)	\$ 9,855
1999	.5990	861,510,669	6,056		600	(703)	4,753
2000	.5879	885,400,600	7,975		645	(936)	6,394
2001	.5979	875,601,886	10,263		4,786	2,651	8,128
2002	.6141	854,763,998	13,411		3,066	(556)	9,789
2003	.6250	858,256,562	17,130		3,900	(1,522)	11,708
2004	.6687	866,796,982	25,418		7,072	(1,466)	16,880
2005	.7642	795,374,475	45,420		16,314	(1,778)	27,328
2006	.7642	808,383,279	114,414		61,714	(4,969)	47,731
2007 (Year Under Audit)	.7967	796,528,948		6,345,946	6,199,527		146,419
TOTALS			\$ 261,871	\$ 6,345,946	\$ 6,298,398	\$ (20,434)	\$ 288,985

ALLOCATION OF DELINQUENT TAX BALANCE

GENERAL FUND	\$ 286,628
DEBT SERVICE FUND	2,357
TOTAL	\$ 288,985

OFFICE OF THE COUNTY CLERK

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY CLERK  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY CLERK FUND  
For Year Ended September 30, 2007

Receipts:	
Criminal Cases	\$ 37,693
County Clerk Records Management	13,924
Recording Fees	47,304
Xerox	2,289
Birth Certificates	12,078
Mandatory Records Management	2,729
Marriage License	1,860
Abstracts, Tax Liens, Certified Copies	8,207
Civil and Probate	572
Mandatory Courthouse Security	261
Financing Statements	452
Interest	635
	-----
Total Receipts	\$128,004
	-----
Disbursements:	
County Treasurer	\$128,431
Refunds and Other	394
	-----
Total Disbursements	\$128,825
	-----
Excess Receipts Over Disbursements	\$ (821)
Fund Balance 9-30-06	12,721
	-----
Fund Balance 9-30-07	\$ 11,900
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY CLERK  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY COURT FUND  
For Year Ended September 30, 2007

Receipts:		
Court Cost Deposits	\$ 19,597	
Mandatory Records Management	465	
Mandatory Courthouse Security	465	
Interest	1,622	
	-----	
Total Receipts		\$ 22,149
Disbursements:		
County Treasurer	\$ 41,213	
Refund of Deposits	699	
Other Fees	105	
	-----	
Total Disbursements		\$ 42,017
		-----
Excess Receipts Over Disbursements		\$ (19,868)
Fund Balance 9-30-06		31,842
		-----
Fund Balance 9-30-07		\$ 11,974
		=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY CLERK  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CRIMINAL PARTIAL PAYMENT FUND  
For Year Ended September 30, 2007

Receipts:		
Payments Received	\$159,557	
Mandatory Records Management	3,474	
Mandatory Courthouse Security	433	
Interest	2,179	
	-----	
Total Receipts		\$165,643
Disbursements:		
County Treasurer	\$137,815	
Restitution	33,289	
Other	50	
	-----	
Total Disbursements		\$171,154
		-----
Excess Receipts Over Disbursements		\$ (5,511)
Fund Balance 9-30-06		40,228
		-----
Fund Balance 9-30-07		\$ 34,717
		=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY CLERK  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CASH BOND FUND  
For Year Ended September 30, 2007

	CRIMINAL	CIVIL
	-----	-----
Receipts:		
Payments Received	\$ 10,150	\$ -0-
Redeposits	2,959	-0-
	-----	-----
Total Receipts	\$ 13,109	\$ -0-
Disbursements:		
County Treasurer	\$ -0-	\$ -0-
Refunded	4,401	666
Other	1,349	814
Returned Checks	3,050	-0-
	-----	-----
Total Disbursements	\$ 8,800	\$ 1,480
	-----	-----
Excess Receipts Over Disbursements	\$ 4,309	\$ (1,480)
Fund Balance 9-30-06	12,684	11,085
	-----	-----
Fund Balance 9-30-07	\$ 16,993	\$ 9,605
	=====	=====

OFFICE OF THE DISTRICT CLERK

LAMB COUNTY, TEXAS  
OFFICE OF THE DISTRICT CLERK  
SUMMARY OF MONTHLY REPORTS TO COUNTY TREASURER  
For Year Ended September 30, 2007

	Civil -----	Criminal -----
Receipts:		
Clerk Filing Fees	\$ 17,838	\$ 5,388
Consolidated State Court		5,445
Court Appointed Attorney	226	9,691
Crime Victims Fund		1,938
District Clerk Records Management	445	21
Fines		39,093
Indigent Fund	423	
Interest	308	1,527
Jury Fees	1,637	79
Law Library	2,680	
Mandatory Courthouse Security	925	527
Mandatory Records Management	1,346	1,319
Miscellaneous	2,814	1,747
Passport Fees	7,220	
Probation		64,953
Sheriff Fees	12,531	4,371
State Fees	9,076	
Steno Fees	1,995	
Time Payment Fee		1,533
Judicial Fund	5,890	40
Total Receipts	\$ 65,354 =====	\$ 137,672 =====
Disbursements:		
Lamb County Treasurer	\$ 65,305	\$ 69,744
154th Judicial Adult Probation Dept.		63,841
Less: FYE 9-30-06 Fees Paid in		
FYE 9-30-07:		
County Treasurer	(4,458)	(3,406)
Probation Dept.		(4,139)
Plus: FYE 9-30-07 Fees Paid in		
FYE 9-30-08:		
County Treasurer	4,507	6,381
Probation Dept.		5,251
Total Disbursements	\$ 65,354 =====	\$ 137,672 =====



OFFICE OF THE COUNTY SHERIFF

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
SHERIFF FEES  
For Year Ended September 30, 2007

Receipts:

Sheriff Fees	\$114,351	
Other	1,345	
	-----	
		\$ 115,696

Disbursements:

County Treasurer	\$115,696	
Other	-0-	
	-----	
		\$ 115,696

Excess (Deficiency) Receipts Over Disbursements	\$	-0-
Fund Balance 9-30-06		-0-
		-----
Fund Balance 9-30-07	\$	-0-
		=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$ 158,159
Less: Receivable FYE 9-30-06	(42,463)
Add: Receivable FYE 9-30-07	-0-
	-----
Disbursements to Treasurer	\$ 115,696
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PRISONER ACCOUNT  
For Year Ended September 30, 2007

Receipts:

Inmate Deposits	\$ 57,710	
Transfers	-0-	
	-----	
		\$ 57,710

Disbursements:

Commissary Use & Refunds	\$ 55,134	
Transfers	947	
Other	-0-	
	-----	
		\$ 56,081

Excess(Deficiency) Receipts Over Disbursements	\$ 1,629
Cash Balance 9-30-06	5,653
	-----
Cash Balance 9-30-07	\$ 7,282
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
UNCLAIMED PRISONER ACCOUNT  
For Year Ended September 30, 2007

Receipts:

Transfers	\$ 947
-----------	--------

Disbursements:

Refunds	313
Transfers	-0-
	-----

Excess(Deficiency) Receipts Over Disbursements	\$ 634
--	--------

Cash Balance, 9-30-05	2,311
	-----

Cash Balance, 9-30-07	\$ 2,945
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
COMMISSARY ACCOUNT  
For Year Ended September 30, 2007

Receipts:

Sales - Commissary	\$28,147	
Other	-0-	
	-----	
Total Receipts		\$ 28,147

Disbursements:

Purchases	\$15,309	
Sales Tax	1,488	
Supplies	1,754	
Other	419	
	-----	
Total Disbursements		\$ 18,970

Excess (Deficiency) Receipts Over Disbursements	\$ 9,177
---	----------

Cash Balance, 9-30-06	14,682
	-----

Cash Balance, 9-30-07	\$ 23,859
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
EDUCATION ACCOUNT  
For Year Ended September 30, 2007

Receipts:

State Revenue	\$ 2,493
---------------	----------

Disbursements:

Continuing Education Use	3,252
	-----

Excess(Deficiency) Receipts Over Disbursements	\$ (759)
--	----------

Cash Balance, 9-30-06	983
	-----

Cash Balance, 9-30-07	\$ 224
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PETTY CASH ACCOUNT  
For Year Ended September 30, 2007

Receipts:

Reimbursements	\$	467	
Other		-0-	
		-----	
Total Receipts			\$ 467

Disbursements:

Travel	\$	-0-	
Supplies		385	
Meals		-0-	
Miscellaneous		102	
Other		21	
		-----	
Total Disbursements			\$ 508
			-----

Excess(Deficiency) Receipts Over Disbursements	\$	(41)
Cash Balance, 9-30-06		116
		-----
Cash Balance, 9-30-07	\$	75
		=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FORFEITURE ACCOUNT  
For Year Ended September 30, 2007

Receipts:	\$ -0-
Disbursements:	-0-
	-----
Excess (Deficiency) Receipts Over Disbursements	\$ -0-
Cash Balance, 9-30-06	85
	-----
Cash Balance, 9-30-07	\$ 85
	=====



LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
DRUG PROGRAM ACCOUNT  
For Year Ended September 30, 2007

Receipts:

Telephone Commission	\$ 18,790	
Restitution	75	
Other	-0-	
	-----	
Total Receipts		\$18,865

Disbursements:

Drug Investigation	\$ 5,000	
DARE Program	2,989	
Capital Outlay	5,130	
Miscellaneous	1,500	
	-----	
Total Disbursements		\$14,619

Excess (Deficiency) Receipts Over Disbursements	\$ 4,246
Cash Balance, 9-30-06	11,650
	-----
Cash Balance, 9-30-07	\$15,896
	=====

Summary:

Cash on Hand	\$ 2,854
Cash in Bank - SSB	13,042
	-----
Total	\$15,896
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
BOND FEES  
For Year Ended September 30, 2007

Receipts:

Bond Fees	\$ 5,640	
Other	-0-	
	-----	
		\$ 5,640

Disbursements:

County Treasurer	\$ 5,700	
Other	-0-	
	-----	
		\$ 5,700
		-----

Excess(Deficiency) Receipts Over Disbursements	\$ (60)
Fund Balance 9-30-06	1,645
	-----
Fund Balance 9-30-07	\$ 1,585
	=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$ 5,700
Less: Receivable FYE 9-30-06	-0-
Add: Receivable FYE 9-30-07	-0-
	-----
Disbursements to Treasurer	\$ 5,700
	=====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
TRUST ACCOUNT  
For Year Ended September 30, 2007

Receipts:	\$ 5,412
Disbursements:	5,412 -----
Excess(Deficiency) Receipts Over Disbursements	\$ -0-
Cash Balance, 9-30-06	48 -----
Cash Balance, 9-30-07	\$ 48 =====

LAMB COUNTY, TEXAS  
OFFICE OF THE COUNTY SHERIFF  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
TOY FOR KIDS ACCOUNT  
For Year Ended September 30, 2007

Receipts:	\$	700
Disbursements:		700
		-----
Excess (Deficiency) Receipts Over Disbursements	\$	-0-
Cash Balance, 9-30-06		1,211
		-----
Cash Balance, 9-30-07	\$	1,211
		=====

Lamb County Clerk, Texas  
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OFFICE OF THE JUSTICES OF PEACE

LAMB COUNTY, TEXAS  
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 1  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
For Year Ended September 30, 2007

Receipts:		
Fines and Fees	\$31,842	
Other	-0-	
	-----	\$31,842
Disbursements:		
County Treasurer	\$31,733	
Fees Collected for Other Agencies	1,853	
Other	-0-	
	-----	\$33,586
Excess(Deficiency) Receipts Over Disbursements		\$(1,744)
Fund Balance 9-30-06		4,375
		-----
Fund Balance 9-30-07		\$ 2,631
		=====

LAMB COUNTY, TEXAS  
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 2  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
For Year Ended September 30, 2007

Receipts:		
Fines and Fees	\$ 4,888	
Other	-0-	
	-----	
		\$ 4,888
Disbursements:		
County Treasurer	\$ 4,291	
Fees Collected for Other Agencies	552	
Other	41	
	-----	
		\$ 4,884
		-----
Excess (Deficiency) Receipts Over Disbursements		\$ 4
Fund Balance 9-30-06		-0-
		-----
Fund Balance 9-30-07		\$ 4
		=====

LAMB COUNTY, TEXAS  
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 3  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
For Year Ended September 30, 2007

Receipts:		
Fines and Fees	\$185,078	
Other	-0-	
	-----	
		\$185,078
Disbursements:		
County Treasurer	\$169,750	
Fees Collected For Other Agencies	3,778	
Fees Paid to Collection Agency	11,225	
Other	325	
	-----	
		\$185,078
		-----
Excess(Deficiency) Receipts Over Disbursements		\$ -0-
Fund Balance 9-30-06		220
		-----
Fund Balance 9-30-07		\$ 220
		=====



LAMB COUNTY, TEXAS  
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 4  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
For Year Ended September 30, 2007

Receipts:		
Fines and Fees	\$ 57,041	
Other	-0-	
	-----	
		\$ 57,041
Disbursements:		
County Treasurer	\$ 58,331	
Fees Collected For Other Agencies	888	
Other	-0-	
	-----	
		\$ 59,219
		-----
Excess(Deficiency) Receipts Over Disbursements		\$ (2,178)
Fund Balance 9-30-06		2,396
		-----
Fund Balance 9-30-07		\$ 218
		=====

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OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

**Webb, Webb, and Wright**  
**Certified Public Accountants**

Lamb County Clerk, Texas  
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Stephen H. Webb, CPA  
Richard B. Wright, CPA

June 11, 2008

**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 6<sup>th</sup> Street  
Littlefield, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2007, which collectively comprise Lamb County's basic financial statements and have issued our report thereon dated June 11, 2008. Our opinion on the basic financial statements, insofar as it relates to the amounts included for the proprietary fund, is based solely on the report of other auditors. Accordingly, the proprietary fund is not covered by this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Report on Internal Control over Financial Reporting and on Compliance  
And Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards  
Lamb County - June 11, 2008

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

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

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

Compliance and Other Matters

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

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

Respectfully submitted,

WEBB, WEBB, & WRIGHT, CPA's

*Webb, Webb & Wright*

LAMB COUNTY, TEXAS

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

LAMB COUNTY, TEXAS

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

None