

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2005

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2005

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

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FINANCIAL SECTION

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Certified Public Accountants

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

February 2, 2006

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, 2005, 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 - February 2, 2006

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, 2004, 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 February 2, 2006 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion 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, 2005. 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 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.

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 \$5,722,389 to \$6,098,018. 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 \$1,077,439 at September 30, 2005.

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 increased by \$465,432. This increase is significant to the overall operations of the County, and it represents significant services to the community. Factors contributing to this increase are shown in Exhibit B-1.

Table 1

Lamb County

Net Assets
in thousands

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	1,681	1,373	4,214	4,388	5,895	5,761	2.3%
Capital assets	5,329	5,642	833	762	6,162	6,404	-3.8%
Total assets	7,010	7,015	5,047	5,150	12,057	12,165	-.9%
Long-term liabilities	200	400			200	400	-50.0%
Other liabilities	712	893	941	1,509	1,653	2,402	-31.2%
Total liabilities	912	1,293	941	1,509	1,853	2,802	-33.9%
Net assets:							
Invested in capital assets, net of related debt	4,929	4,942	833	726	5,762	5,668	1.7%
Restricted	92	88			92	88	4.5%
Unrestricted	1,077	692	3,273	2,915	4,350	3,607	20.6%
Total net assets	6,098	5,722	4,106	3,641	10,204	9,363	9.0%

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2005	2004	2005	2004	2005	2004	2004-2005
Revenues:							
Net program revenues:							
Charges for services	532	877	8,563	9,399	9,095	10,276	-11.5%
Operating grants and contributions	13	22			13	22	-40.9%
Capital Grants and contributions	33		68		101	-0-	100.0%
General revenues:							
Property taxes	6,014	5,703			6,014	5,703	5.5%
Other taxes	590	575			590	575	2.6%
Grants and contributions not restricted				133	-0-	133	-100.0%
Unrestricted investments earnings	149	32	63	4	212	36	488.9%
Other revenues	239	375	163	169	402	544	-26.1%
Total revenues	7,570	7,584	8,857	9,705	16,427	17,289	-5.0%
Expenses:							
General government	2,036	2,016			2,036	2,016	1.0%
Judicial	448	466			448	466	-3.9%
Public safety	1,836	1,890			1,836	1,890	-2.9%
Highway and street	1,388	1,485			1,388	1,485	-6.5%
Education	132	134			132	134	-1.5%
Public welfare	23	44			23	44	-47.7%
Health			9,682	9,001	9,682	9,001	7.6%
Interest on long-term debt	41	58			41	58	-29.3%
Total expenses	5,904	6,093	9,682	9,001	15,586	15,094	3.3%
Increase(decrease) in net assets before transfers							
	1,666	1,491	(825)	704	841	2,195	-61.7%
Transfers	(1,290)	(1,470)	1,290	1,470	-0-	-0-	0.0%
Change in net assets	376	21	465	2,174	841	2,195	-61.7%
Net assets-beginning	5,722	5,701	3,641	1,467	9,363	7,168	30.6%
Net assets-ending	6,098	5,722	4,106	3,641	10,204	9,363	9.0%

The County's governmental revenues decreased by \$14,307 this year. The total cost of governmental programs and services decreased by \$188,443 this year. The County's business revenues decreased by \$915,046 this year. The total cost of business programs and services increased by \$680,677 this year.

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

1. Eliminated several employee positions.
2. Decrease in operational costs.
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 \$15,586,846. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$6,604,315 because some of the costs were paid by those who directly benefited from the programs (\$9,095,599) or by other governments and organizations that subsidized certain programs with grants and contributions (\$113,591).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$1,125,899 which is significantly above last year's total of \$680,682. Included in this year's total change in fund balance is an increase of \$511,379 in the County's General Fund.

This year's budget was a balanced budget resulting in an increase to the general fund balance. This increase to the general fund balance was due to an increase of revenues and a reduction of expenditures as compared to the prior year's revenues and expenditures.

The County's General Fund balance of \$981,793 differs from the General Fund's budgetary fund balance of \$238,260. This difference is shown on the budgetary comparison schedule (Exhibit E-1).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the County had \$13,359,598 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:	
Machinery & Equipment	\$ 230,063
Vehicles	41,118
Communications Equipment	32,900
Office Equipment	5,795

Total	\$ 309,876
	=====

There are no capital projects planned for the fiscal year 2006.

Debt

At year-end, the County had \$400,000 in bonds outstanding versus \$700,000 last year. The County does not have any other long-term debt.

More detailed information about the County's long-term liabilities is presented in Note 11 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 2006 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, 2005

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 3,612,039	\$ 30,969	\$ 3,643,008
Investments	344,909		344,909
Receivables (net of allowance for uncollectibles)	172,191	1,400,381	1,572,572
Internal balances	(2,471,516)	2,471,516	-0-
Due from other government units	23,397		23,397
Inventories		229,095	229,095
Prepays		82,374	82,374
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings and improvements	3,280,792	2,416	3,283,208
Machinery and equipment	1,248,866	768,517	2,017,383
Vehicles	569,562		569,562
Office equipment	196,394		196,394
Total Capital Assets	\$ 5,328,584	\$ 832,755	\$ 6,161,339
TOTAL ASSETS	\$ 7,009,604	\$ 5,047,090	\$ 12,056,694
LIABILITIES			
Accounts payable and other current liabilities	\$ 382,930	\$ 607,435	\$ 990,365
Accrued liabilities		333,192	333,192
Deferred revenue	128,656		128,656
Noncurrent liabilities:			
Due within one year	200,000		200,000
Due in more than one year	200,000		200,000
TOTAL LIABILITIES	\$ 911,586	\$ 940,627	\$ 1,852,213
NET ASSETS			
Invested in capital assets, net of related debt	\$ 4,928,584	\$ 832,755	\$ 5,761,339
Restricted for:			
Debt service	91,995		91,995
Unrestricted	1,077,439	3,273,708	4,351,147
TOTAL NET ASSETS	\$ 6,098,018	\$ 4,106,463	\$ 10,204,481

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,036,523	\$ 212,537	\$	\$	\$ (1,823,986)	\$	\$ (1,823,986)
Judicial	448,571	282,911	12,773		(152,887)		(152,887)
Public safety	1,835,609			32,900	(1,802,709)		(1,802,709)
Highways and streets	1,387,625	36,866			(1,350,759)		(1,350,759)
Education	132,267				(132,267)		(132,267)
Public welfare	23,311				(23,311)		(23,311)
Interest on long-term debt	40,950				(40,950)		(40,950)
Total Governmental Activities	\$ 5,904,856	\$ 532,314	\$ 12,773	\$ 32,900	\$ (5,326,869)	\$ -0-	\$ (5,326,869)
Business – Type Activities:							
Health	\$ 9,681,990	\$ 8,563,285	\$	\$ 67,918	\$	\$ (1,050,787)	\$ (1,050,787)
Total Business-Type Activities	\$ 9,681,990	\$ 8,563,285	\$ -0-	\$ 67,918	\$ -0-	\$ (1,050,787)	\$ (1,050,787)
TOTAL PRIMARY GOVERNMENT	\$ 15,586,846	\$ 9,095,599	\$ 12,773	\$ 100,818	\$ (5,326,869)	\$ (1,050,787)	\$ (6,377,656)
General Revenue:							
Property taxes					\$ 6,014,444	\$	\$ 6,014,444
Vehicle registrations and fees					589,871		589,871
Grants and contributions not restricted to specific programs							-0-
Investment earnings					149,261	62,876	212,137
Miscellaneous					238,640	163,625	402,265
Transfers					(1,289,718)	1,289,718	-0-
Total general revenues and transfers					\$ 5,702,498	\$ 1,516,219	\$ 7,218,717
Change in net assets					\$ 375,629	\$ 465,432	\$ 841,061
Net assets – beginning					5,722,389	3,641,031	9,363,420
Net assets – ending					\$ 6,098,018	\$ 4,106,463	\$ 10,204,481

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

LAMB COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----
ASSETS			
Cash	\$ 3,525,732	\$ 86,307	\$ 3,612,039
Investments	286,579	58,330	344,909
Delinquent Taxes Receivable	239,941	5,699	245,640
Allowance for Uncollectible Taxes	(23,994)	(570)	(24,564)
Due From Tax Office	20,227	725	20,952
Due From Sheriff Dept	2,445		2,445
	-----	-----	-----
Total Assets	\$ 4,050,930	\$ 150,491	\$ 4,201,421
	-----	-----	-----
LIABILITIES			
Accounts Payable	\$ 381,561	\$ 1,256	\$ 382,817
Other Current Liabilities	113		113
Due to Other Funds	2,471,516		2,471,516
Deferred Revenue	215,947	5,129	221,076
	-----	-----	-----
Total Liabilities	\$ 3,069,137	\$ 6,385	\$ 3,075,522
	-----	-----	-----
FUND BALANCE			
Reserved Fund Balance:			
Retirement of Long-Term Debt	\$ 176,037	\$ 91,995	\$ 91,995
Other Reserves	805,756		176,037
Unreserved Fund Balance	805,756	52,111	857,867
	-----	-----	-----
Total Fund Balances	\$ 981,793	\$ 144,106	\$ 1,125,899
	-----	-----	-----
Total Liabilities and Fund Balance	\$ 4,050,930	\$ 150,491	\$ 4,201,421
	=====	=====	=====

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, 2005

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

Total fund balances - governmental fund balance sheet	\$ 1,125,899
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,328,584
Change in accounts receivables due to revenue recognition timing difference.	(48,885)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	92,420
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(400,000)

Total net assets of governmental activities - statement of net assets	\$ 6,098,018 =====

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, 2005

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
REVENUES			
Taxes	\$ 5,675,774	\$ 334,857	\$ 6,010,631
Charges for Services	274,428		274,428
Fines and Fees	282,911		282,911
Vehicle Registration and Fees	589,871		589,871
Lateral Road	36,866		36,866
Grants	45,673		45,673
Interest on Investments	137,096	12,165	149,261
Miscellaneous	238,640		238,640
	-----	-----	-----
Total Revenues	\$ 7,281,259	\$ 347,022	\$ 7,628,281
	-----	-----	-----
EXPENDITURES			
Current Operating:			
District Judge	\$ 104,169	\$	\$ 104,169
District Clerk	97,408		97,408
County Judge	760,598		760,598
County Clerk	216,428		216,428
Tax Office	203,640		203,640
County Treasurer	161,666		161,666
County Attorney	138,326		138,326
Justice of Peace - Precinct #1-4	202,006		202,006
County Veterans and Welfare	23,311		23,311
Adult Probation	884		884
Juvenile Probation	307,375		307,375
County Extension Office	78,124		78,124
County Sheriff	1,712,647		1,712,647
County Library	132,267		132,267
Road and Bridge - Precinct #1-4	1,023,602		1,023,602
Jury	4,070		4,070
Grants	3,765		3,765
Capital Projects		72,234	72,234
Capital Outlay	309,876		309,876
Debt Service:			
Principal		300,000	300,000
Interest		40,950	40,950
	-----	-----	-----
Total Expenditures	\$ 5,480,162	\$ 413,184	\$ 5,893,346
	-----	-----	-----

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	GENERAL FUND -----	OTHER GOVERNMENTAL FUNDS -----	TOTAL GOVERNMENTAL FUNDS -----
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,801,097	\$ (66,162)	\$ 1,734,935
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	\$ 9,377,165	\$	\$ 9,377,165
Operating Transfers Out	(10,666,883)		(10,666,883)
Total Other Financing Sources (Uses)	\$ (1,289,718)	\$ -0-	\$ (1,289,718)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 511,379	\$ (66,162)	\$ 445,217
Fund Balances - Beginning	470,414	210,268	680,682
Fund Balances - Ending	\$ 981,793	\$ 144,106	\$ 1,125,899
	=====	=====	=====

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

Net change in fund balances - total governmental funds.	\$ 445,217
Capital outlays are not reported as expenses in the SOA.	309,876
Capital asset decreases.	(109,506)
Capital asset depreciation used in governmental activities is not reported in the funds.	(513,336)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	(58,078)
Some expenses reported in the SOA are not fund expenditures (accrued interest payable which are liabilities not normally liquidated with current financial resources).	1,456
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.	300,000

Change in net assets of governmental activities.	\$ 375,629
	=====

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

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2005

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$	30,969
Patients Accounts Receivable, Net of Allowances		1,400,381
Other Receivable - Lamb County		2,471,516
Inventory of Supplies		229,095
Prepaid Expenses and Other Current Assets		82,374

Total Current Assets	\$	4,214,335

CAPITAL ASSETS

Net of Accumulated Depreciation		832,755

Total Assets	\$	5,047,090

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES

Accounts Payable	\$	316,692
Accrued Payroll, Benefits and Payroll Liabilities		333,192
Estimated Third-Party Payor Settlements		108,283
Other Current Liabilities		182,460

Total Current Liabilities	\$	940,627

NONCURRENT LIABILITIES

		-0-

Total Liabilities	\$	940,627

NET ASSETS

Invested in Capital Assets Net of Related Debt		832,755
Unrestricted		3,273,708

Total Net Assets	\$	4,106,463
		=====

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, 2005

OPERATING REVENUES	
Net Patient Service Revenue (Net of Provision for Bad Debts of \$2,533,349)	\$ 8,563,285
Other Operating Revenue	162,786

Total Operating Revenues	\$ 8,726,071

OPERATING EXPENSES	
Salaries and Wages	\$ 3,881,636
Employee Benefits	706,694
Professional Fees and Purchased Services	2,366,665
Supplies and Other	2,434,619
Depreciation	225,726

Total Operating Expenses	\$ 9,615,340

Operating Income (Loss)	\$ (889,269)
NON-OPERATING REVENUES (EXPENSES)	
Tobacco Settlement Revenue	839
Interest Income	62,876
Interest Expense	(1,707)

Total Non-operating Revenues (Expenses)	\$ 62,008

Income (Loss) Before Capital Grants, Contributions and County Subsidies	\$ (827,261)
Capital Grants and Contributions	67,918
County Subsidies	1,224,775

Increase (Decrease) in Net Assets	\$ 465,432

Net Assets - Beginning	3,641,031

Net Assets - Ending	\$ 4,106,463
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From and on Behalf of Patients	\$ 11,267,849
Payments to Suppliers and Contractors	(5,564,982)
Payments to Employees	(4,504,156)
Other Receipts and Payments, Net	162,786

Net Cash Provided(Used) by Operating Activities	\$ 1,361,497

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Overdrafts Payable	\$ (29,095)
Cash Invested in Funds Held by Lamb County	(2,324,606)
Proceeds From County Subsidies	1,224,775
Proceeds From Tobacco Settlement	839

Net Cash Provided(Used) by Non-Capital Financing Activities	\$ (1,128,087)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (296,715)
Interest Paid	(1,707)
Principal Paid on Long-term Debt	(35,338)
Proceeds From Capital Grants and Contributions	67,918

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (265,842)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	\$ 62,876

Net Cash Provided(Used) by Investing Activities	\$ 62,876

Net Increase(Decrease) in Cash and Cash Equivalents	\$ 30,444

Cash and Cash Equivalents at the Beginning of Year	525

Cash and Cash Equivalents at the End of Year	\$ 30,969
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2005

RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH	
USED BY OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (889,269)
Adjustments to Reconcile Operating Income(Loss) to Net Cash	
Used by Operating Activities:	
Depreciation and Amortization	225,726
Provision for Bad Debt	2,533,349
(Increase)Decrease in:	
Accounts Receivable	(2,770,150)
Estimated Third-Party Payor Settlement	2,829,901
Inventory of Supplies	(34,973)
Prepaid Expenses	(29,060)
Increase(Decrease) in:	
Accounts Payable	(699,665)
Accrued Payroll, Benefits and Payroll Liabilities	84,174
Other Liabilities	3,181
Estimated Third-Party Payor Settlements	108,283

Net Cash Provided(Used) by Operating Activities	\$ 1,361,497

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

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, 2005

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, 2005

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, 2005

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.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

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, 2005

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, 2005

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 04-05 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, 2005

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, 2005, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash) was \$3,643,008 and the bank balance was \$4,032,619. The County's cash deposits with financial institutions at September 30, 2005 and during the year ended September 30, 2005, were not 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 \$6,015,858.
- c. Largest cash, savings and time deposits combined account balance amounted to \$6,926,592 and occurred during the month of November 2004.
- d. Total amount of FDIC coverage at the time of largest combined balance was \$200,000.

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Current investments of \$344,909 are invested in Texpool and the ICT-Government Securities Portfolio Fund. The carrying amount of \$344,909 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	\$3,643,008	\$	\$	\$3,643,008
Texpool Accounts	95,998			95,998
I.C.T. - Government Securities Portfolio			248,911	248,911
Total	\$3,739,006	\$ -0-	\$ 248,911	\$3,987,917

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks:

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

At year end, the County was exposed to custodial credit risk, as deposits were not entirely covered during the year and due to the category 3 investments.

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, 2005

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, 2005

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, 2005, 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	\$	\$	\$ 32,970
<i>Capital assets being depreciated:</i>				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	9,080,535	-	-	9,080,535
Machinery and equipment	2,353,575	230,063	(222,000)	2,361,638
Vehicles	1,272,763	41,118	(20,999)	1,292,882
Office equipment	552,878	38,695	-	591,573
Total capital assets being depreciated	\$ 13,259,751	\$ 309,876	\$ (242,999)	\$ 13,326,628
<i>Less accumulated depreciation for:</i>				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	(5,695,131)	(104,612)	-	(5,799,743)
Machinery and Equipment	(1,009,735)	(221,437)	118,400	(1,112,772)
Vehicles	(592,247)	(146,166)	15,093	(723,320)
Office equipment	(354,058)	(41,121)	-	(395,179)
Total accumulated depreciation	\$ (7,651,171)	\$ (513,336)	\$ 133,493	\$ (8,031,014)

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

NOTE 7: CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Ending Decreases	Balances
Total capital assets being depreciated, net	\$ 5,608,580	\$ (203,460)	\$ (109,506)	\$ 5,295,614
Governmental activities capital assets, net	\$ 5,641,550	\$ (203,460)	\$ (109,506)	\$ 5,328,584

Depreciation was charged to functions as follows:

General government	\$ 134,401
Public safety	117,056
Highways and streets	261,879
	\$ 513,336

NOTE 8: NOTES PAYABLE

The 3.10% and 2.75% variable rate notes payable in the General Fund are for two operating loans from Security State Bank of \$50,000 and \$60,000 to road and bridge Precinct #3 and Precinct #4, respectively. The loan balances were paid off in January of 2005. Interest paid in the current year was \$1,068 and \$942, respectively.

	Balance 10-01-04	Increases	Decreases	Balance 09-30-05
Notes Payable	\$ 110,000	\$	\$ 110,000	\$ -0-

NOTE 9: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Revenue Description	Fund	Deferred Amount
Net Tax Revenue	General	\$ 215,947
Net Tax Revenue	Debt Service	5,129
		\$ 221,076

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

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 range from 4.50% to 6.10%. Interest expense for FYE 2005 was \$40,950.

Debt service requirements are as follows:

Year Ended September 30	Principal	Interest	Total Requirements
2006	\$ 200,000	\$ 23,450	\$ 223,450
2007	200,000	11,800	211,800
2008	-0-	-0-	-0-
2009	-0-	-0-	-0-
2010	-0-	-0-	-0-
Totals	\$ 400,000	\$ 35,250	\$ 435,250

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 10-01-04	Increase	Decrease	Balance 09-30-05	Amounts Due Within One Year
Bonds Payable	\$ 700,000	\$ -0-	\$ 300,000	\$ 400,000	\$ 200,000
Total Long-Term Liabilities	\$ 700,000	\$ -0-	\$ 300,000	\$ 400,000	\$ 200,000

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2005

NOTE 11: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2005 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 2,471,516

		\$ 2,471,516
		=====

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, 2005 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 9,377,165
General Fund	Proprietary Fund-Hospital	10,666,883

		\$ 20,044,048
		=====

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 \$176,037 is the amount set aside and reserved for Record Management, Court Technology and Bail Bond fees. An analysis of these accounts is shown in Exhibit G-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 2005, 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, 2005

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, 2005

NOTE 17: PENSION BENEFIT PLAN DESCRIPTION

Plan Description. Lamb County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 500 nontraditional 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 8.74% for the months of the accounting year in 2004, and 9.56% for the months of the accounting year in 2005. The contribution rate payable by the employee members for fiscal year 2005 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, 2005

NOTE 17: PENSION BENEFIT PLAN DESCRIPTION (continued)

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	12-31-02 -----	12-31-03 -----	12-31-04 -----
Actuarial Value of Assets	\$4,732,035	\$5,300,803	\$5,551,047
Actuarial Accrued Liability	\$5,747,948	\$6,350,569	\$6,605,775
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$1,015,913	\$1,049,766	\$1,054,728
Percentage Funded	82.33%	83.47%	84.03%
Annual Covered Payroll	\$2,201,029	\$2,442,225	\$2,591,419
UAAL as a Percentage of Covered Payroll	46.15%	42.98%	40.70%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost: Annual required contribution (ARC)	\$ 206,016	\$ 221,510	\$ 226,490
Contributions Made	\$ 206,016	\$ 221,510	\$ 226,490
Net Pension Obligation (NPO) at The End of Period	\$ -0-	\$ -0-	\$ -0-

The County is one of more than 500 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 12-31-04 valuations are contained in the 2004 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, 2005, 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, 2005

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, 2005

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, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

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, 2005

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, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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, 2005

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	\$ 789,040
Ancillary Patient Services	
Inpatient	3,513,686
Outpatient	8,811,255

Gross Patient Service Revenue	\$ 13,113,981
Charity	(89,061)
Contractual Adjustments and Discounts	(2,212,094)
Provision for Bad Debts	(2,533,349)
Disproportionate Share	283,808

Net Patient Service Revenue	\$ 8,563,285
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

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 (decreased) approximately \$371,136 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, 2005 are \$(108,283).

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2005, the carrying amount of the Hospital's deposits with financial institutions was \$30,444 and the bank balance was \$228,777. 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 Mondays of the month to approve all cash disbursements.

NOTE 4: MEDICAID DISPROPORTIONATE SHARE FUNDS

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

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 law offer considerable flexibility to recipient hospitals regarding specific use of the funds. During 2005 the Hospital received \$283,808 in Medicaid disproportionate share funds.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30:

Patient Accounts Receivable	\$ 4,445,103
Less: Allowance for Bad Debts	(2,298,914)
Allowance for Contractuals	(745,808)

Patient Accounts Receivable, Net of Allowance	\$ 1,400,381
	=====

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	31%
Medicaid	16%
Other Third-Party Payers	26%
Patients	27%

Total	100%
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 6: CAPITAL ASSETS

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

	Balance 9/30/04	Additions	Retirements	Balance 9/30/05
	-----	-----	-----	-----
Land	\$ 61,822	\$	\$	\$ 61,822
Land Improvements	2,929			2,929
Fixed Equipment	685,161	20,396		705,557
Major Moveable Equipment	1,524,268	276,295		1,800,563
	-----	-----	-----	-----
Totals at historical cost	\$ 2,274,180	\$ 296,691	\$ -0-	\$ 2,570,871
	-----	-----	-----	-----
Less Accumulated Depreciation for:				
Land Improvements	(244)	(269)		(513)
Fixed Equipment	(416,320)	(49,596)		(465,916)
Major Moveable Equipment	(1,095,850)	(175,837)		(1,271,687)
	-----	-----	-----	-----
Total Accumulated Depreciation	\$ (1,512,414)	\$ (225,702)	\$ -0-	\$ (1,738,116)
	-----	-----	-----	-----
Capital Assets, Net	\$ 761,766	\$ 70,989	\$ -0-	\$ 832,755
	=====	=====	=====	=====

Depreciation expense for the year ended September 30, 2005 is \$225,726.

NOTE 7: LONG-TERM DEBT

Long-Term debt is comprised of the following:

7.00% note payable to Triple X-Ray, payable in 36 monthly installments of \$4,534. Secured by CT System.

	Balance 9/30/04	Additions	Reductions	Balance 9/30/05	Amounts Due Within One Year
	-----	-----	-----	-----	-----
Note Payable - Cat Scan	\$ 35,338	\$	\$ (35,338)	\$ -0-	\$ -0-
	=====	=====	=====	=====	=====

Interest costs incurred was \$1,707 in 2005, all of which was charged to operations.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

NOTE 8: RELATED PARTIES

County-The Hospital receives funds from the County for indigent patient care, capital improvements, repairs, and other operating costs. These funds are partially provided through the County's general tax revenues. During 2005 the Hospital received \$1,224,775 from the County for operations.

Management Contract-In accordance with the terms of an agreement dated January 23, 1993, the Hospital is managed by Covenant Hospital Systems ("Covenant"). The agreement's provision includes Covenant providing certain employees such as an administrator. Furthermore, Covenant provides consultation to the Board of Managers with respect to health care related matters and operations to the Hospital. In return for these services, the Hospital pays an annual management fee to Covenant and reimburses Covenant for salaries and related salary expenses for the administrator. During 2005 the Hospital recorded management fees to Covenant in the amount of \$109,680.

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, 2005

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 5,504,629	\$ 5,504,629	\$ 5,675,774	\$ 171,145
Charges For Services	357,371	357,371	274,428	(82,943)
Fines and Fees	356,200	356,200	282,911	(73,289)
Vehicle Registration \$ Fees	543,500	543,500	589,871	46,371
Lateral Road	36,000	36,000	36,866	866
Grants	-0-	-0-	45,673	45,673
Interest on Investments	24,400	24,400	137,096	112,696
Miscellaneous	254,135	254,135	238,640	(15,495)
Total Revenues	\$ 7,076,235	\$ 7,076,235	\$ 7,281,259	\$ 205,024
Expenditures				
District Judge	\$ 141,220	\$ 141,220	\$ 104,169	\$ 37,051
District Clerk	104,757	104,757	97,408	7,349
County Judge	840,327	840,327	760,598	79,729
County Clerk	212,488	212,488	216,428	(3,940)
Tax Office	220,020	220,020	203,640	16,380
County Treasurer	183,487	183,487	161,666	21,821
County Attorney	140,232	140,232	138,326	1,906
Justice of Peace Precinct #1-4	199,760	199,760	202,006	(2,246)
County Veterans & Welfare	53,244	53,244	23,311	29,933
Adult Probation	870	870	884	(14)
Juvenile Probation	343,028	343,028	307,375	35,653
County Extension Office	79,984	79,984	78,124	1,860
County Sheriff	1,714,768	1,714,768	1,712,647	2,121
County Library	130,524	130,524	132,267	(1,743)
Road & Bridge Precinct #1-4	1,313,026	1,313,026	1,023,602	289,424
Jury	45,458	45,458	4,070	41,388
Grants Department	-0-	-0-	3,765	(3,765)
Capital Outlay	410,629	410,629	309,876	100,753
Total Expenditures	\$ 6,133,822	\$ 6,133,822	\$ 5,480,162	\$ 653,660
Excess (Deficiency) of Revenues Over Expenditures	\$ 942,413	\$ 942,413	\$ 1,801,097	\$ 858,684

The accompanying notes are an integral part of this statement.
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LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
For Year Ended September 30, 2005

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 7,975,138	\$ 7,975,138	\$ 9,377,165	\$ 1,402,027
Operating Transfers Out	(9,149,705)	(9,149,705)	(10,666,883)	(1,517,178)
Total Other Financing Sources (Uses)	\$ (1,174,567)	\$ (1,174,567)	\$ (1,289,718)	\$ (115,151)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (232,154)	\$ (232,154)	\$ 511,379	\$ 743,533
Fund Balance at Beginning of Year	470,414	470,414	470,414	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	-0-	-0-
Fund Balance at End of Year	\$ 238,260	\$ 238,260	\$ 981,793	\$ 743,533

The accompanying notes are an integral part of this statement.
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COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2005

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

Cash in Bank	\$3,222,737	\$ 260,903	\$ 42,092	\$3,525,732
Investments	44,098	230,766	11,715	286,579
Delinquent Tax Receivable	239,941			239,941
Allowance for Uncollectible Tax	(23,994)			(23,994)
Due From Tax Office	18,018	2,168	41	20,227
Due From Sheriff Dept	2,445			2,445
	-----	-----	-----	-----
Total Assets	\$3,503,245	\$ 493,837	\$ 53,848	\$4,050,930
	=====	=====	=====	=====
Liabilities and Fund Balance				

Accounts Payable	\$ 354,967	\$ 26,594	\$	\$ 381,561
Other Current Liabilities	113			113
Due to Other Funds	2,471,516			2,471,516
Deferred Revenue	215,947			215,947
	-----	-----	-----	-----
Total Liabilities	\$3,042,543	\$ 26,594	\$ -0-	\$3,069,137
	-----	-----	-----	-----
Fund Balance - Reserved	\$ 176,037	\$	\$	\$ 176,037
Fund Balance - Unreserved	284,665	467,243	53,848	805,756
	-----	-----	-----	-----
Total Fund Balance	\$ 460,702	\$ 467,243	\$ 53,848	\$ 981,793
	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$3,503,245	\$ 493,837	\$ 53,848	\$4,050,930
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2005

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

Taxes	\$4,845,537	\$ 814,562	\$ 15,675	\$5,675,774
Charges for Services	274,428			274,428
Fines and Fees	282,911			282,911
Vehicle Registration And Fees	46,935	542,936		589,871
Lateral Road		36,866		36,866
Grants	45,673			45,673
Interest on Investment	116,506	19,142	1,448	137,096
Miscellaneous	235,156	3,484		238,640
	-----	-----	-----	-----
Total Revenues	\$5,847,146	\$1,416,990	\$ 17,123	\$7,281,259
	-----	-----	-----	-----
Expenditures				

District Judge	\$ 104,169	\$	\$	\$ 104,169
District Clerk	97,408			97,408
County Judge	760,598			760,598
County Clerk	216,428			216,428
Tax Office	203,640			203,640
County Treasurer	161,666			161,666
County Attorney	138,326			138,326
Justice of Peace Precinct No. 1-4	202,006			202,006
County Veterans & Welfare	23,311			23,311
Adult Probation	884			884
Juvenile Probation	307,375			307,375
County Extension Office	78,124			78,124
County Sheriff	1,712,647			1,712,647
County Library	132,267			132,267
Road and Bridge Precinct No. 1-4		1,023,602		1,023,602
Jury			4,070	4,070
Grants Department	3,765			3,765
Capital Outlay	87,313	222,563		309,876
	-----	-----	-----	-----
Total Expenditures	\$4,229,927	\$1,246,165	\$ 4,070	\$5,480,162
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2005

	General	Road and Bridge	Jury	Total
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,617,219	\$ 170,825	\$ 13,053	\$ 1,801,097
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating Transfers In	\$ 9,377,165	\$	\$	\$ 9,377,165
Operating Transfers Out	(10,666,883)			(10,666,883)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (1,289,718)	\$ -0-	\$ -0-	\$ (1,289,718)
	-----	-----	-----	-----
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ 327,501	\$ 170,825	\$ 13,053	\$ 511,379
Fund Balance at Beginning of Year	133,201	296,418	40,795	470,414
Increase (Decrease) in Fund Balance	-----	-----	-----	-----
Fund Balance at End of Year	\$ 460,702	\$ 467,243	\$ 53,848	\$ 981,793
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2005

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

Cash	\$ 528	\$ 89,138	\$ 98,544	\$ 72,693	\$260,903
Investment - CD's (Note 1)	141,546	733	22,292	66,195	230,766
Due From Other	542	542	542	542	2,168
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$142,616	\$ 90,413	\$121,378	\$139,430	\$493,837
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					

Accounts Payable	\$ 5,594	\$ 8,141	\$ 4,646	\$ 8,213	\$ 26,594
	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 5,594	\$ 8,141	\$ 4,646	\$ 8,213	\$ 26,594
Fund Balance (Deficit)	137,022	82,272	116,732	131,217	467,243
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$142,616	\$ 90,413	\$121,378	\$139,430	\$493,837
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2005

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 203,641	\$ 203,641	\$ 203,640	\$ 203,640	\$ 814,562	\$ 781,536	\$ 33,026
Car Tags	135,734	135,734	135,734	135,734	542,936	500,000	42,936
TOTAL TAX COLLECTOR	\$ 339,375	\$ 339,375	\$ 339,374	\$ 339,374	\$ 1,357,498	\$ 1,281,536	\$ 75,962
OTHER REVENUE:							
Machine Hire	\$	\$	\$	\$	\$	\$	\$
State – Lateral Road	9,217	9,216	9,217	9,216	36,866	36,000	866
Interest	5,217	4,417	4,349	5,159	19,142	6,500	12,642
Miscellaneous	2,224	270		990	3,484	3,500	(16)
TOTAL OTHER REVENUE	\$ 16,658	\$ 13,903	\$ 13,566	\$ 15,365	\$ 59,492	\$ 46,000	\$ 13,492
TOTAL REVENUE	\$ 356,033	\$ 353,278	\$ 352,940	\$ 354,739	\$ 1,416,990	\$ 1,327,536	\$ 89,454

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2005

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES:							
Salaries:							
Commissioners	\$ 35,667	\$ 35,530	\$ 34,580	\$ 35,530	\$ 141,307	\$ 142,120	\$ 813
Employees	115,021	109,002	90,798	94,310	409,131	460,448	51,317
Part-Time	1,991				1,991	20,000	18,009
Telephone	633	1,761	2,324	1,212	5,930	5,920	(10)
Postage					-0-	-0-	-0-
Stationary & Supplies					-0-	-0-	-0-
Furniture & Equipment					-0-	-0-	-0-
Travel	379	489		337	1,205	5,400	4,195
Education	100	100	185	100	485	1,400	915
Automobile Allowance			5,400		5,400	5,400	-0-
Group Insurance	21,703	20,511	18,534	19,010	79,758	91,850	12,092
Retirement	14,042	13,376	11,749	12,076	51,243	53,061	1,818
Social Security	11,590	11,041	9,380	9,897	41,908	47,627	5,719
Bonds	177		177		354	-0-	(354)
Machine Hire		580			580	2,000	1,420
Parts & Repairs	31,569	39,204	20,268	33,524	124,565	140,000	15,435
Fuel & Oil	41,972	43,345	34,206	47,315	166,838	149,000	(17,838)
Material & Supply	5,167	7,825	4,162	2,682	19,836	67,000	47,164
Utilities	4,278	1,143	2,041	1,367	8,829	9,050	221
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Car Tags	300	299	300	299	1,198	1,750	552
Capital Outlay	59,461	59,502			118,963	253,629	134,666
Unemployment Insurance					-0-	-0-	-0-
Workmen's Comp.	10,877	10,877	10,877	10,877	43,508	24,600	(18,908)
Auto & Liability Insurance	5,132	4,462	4,747	4,655	18,996	27,000	8,004
Highway Maintenance					-0-	53,000	53,000
Contract Services	1,140				1,140	3,400	2,260
TOTAL EXPENDITURES	\$ 361,949	\$ 359,797	\$ 250,478	\$ 273,941	\$ 1,246,165	\$ 1,566,655	\$ 320,490

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2005

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2004	\$142,938	\$ 88,791	\$ 14,270	\$ 50,419	\$ 296,418
ADD: Revenue	356,033	353,278	352,940	354,739	1,416,990
DEDUCT: Expenditures	(361,949)	(359,797)	(250,478)	(273,941)	(1,246,165)
FUND BALANCE (DEFICIT) September 30, 2005	<u>\$137,022</u>	<u>\$ 82,272</u>	<u>\$116,732</u>	<u>\$131,217</u>	<u>\$ 467,243</u>

SUPPLEMENTAL INFORMATION

LAMB COUNTY, TEXAS
 SCHEDULE OF INVESTMENTS-ALL FUNDS
 SEPTEMBER 30, 2005

	Group	Book Value
Certificate of Deposit		
<hr style="border-top: 1px dashed black;"/>		
Texpool:		
General Fund	14002	\$ 42,389
Precinct One	14002	53,609
 I.C.T.-Government Securities Portfolio Fund		
General Fund		1,709
Precinct One		87,937
Precinct Two		733
Precinct Three		22,292
Precinct Four		66,195
Jury Fund		11,715
Debt Service Fund		58,330
		<hr style="border-top: 1px dashed black;"/>
Total		\$ 344,909
		<hr style="border-top: 3px double black;"/>

LAMB COUNTY, TEXAS
SCHEDULE OF BONDS
SEPTEMBER 30, 2005

DATE OF ISSUE	DESCRIPTION	INTEREST RATE	(TERMS) MATURITY SCHEDULE	FUND PAYABLE FROM	AMOUNTS OUTSTANDING 10-1-04	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR
09-15-97	CERTIFICATE OF OBLIGATION, SERIES 1997	4.50% TO 6.10%	10 YEARS	DEBT SERVICE FUND	\$ 700,000	\$ -0-	\$ 300,000

REQUIREMENTS

AMOUNTS OUTSTANDING 9-30-05	INTEREST CURRENT YEAR	YEAR ENDING 9-30-06				YEAR ENDING 9-30-07		10-1-07 TO MATURITY INTEREST
		YEAR ENDING 9-30-06		YEAR ENDING 9-30-07		10-1-07 TO MATURITY INTEREST		
		PRINCIPAL	INTEREST	PRINCIPAL	INTEREST			
\$ 400,000	\$ 40,950	\$ 200,000	\$ 23,450	\$ 200,000	\$ 11,800	\$ -0-		

LAMB COUNTY, TEXAS
SCHEDULE OF OTHER RESERVED FUND BALANCE
RECORD MANAGEMENT, BAIL BONDS LICENSE & COURT TECHNOLOGY ACCOUNTS
SEPTEMBER 30, 2005

	MANDATORY COUNTY		COUNTY CLERK RECORDS MANAGEMENT	DISTRICT CLERK RECORDS MANAGEMENT	BAIL BONDS LICENSE
	RECORDS MANAGEMENT	COURTHOUSE SECURITY			
BALANCE 10-1-04	\$ 11,823	\$ 34,702	\$ 75,627	\$ 430	\$ 2,563
REVENUE					
County Clerk	\$ 2,691	\$ 1,265	\$ 16,718	\$	\$
District Clerk	2,047	1,109		256	
Justice of Peace		6,785			
Bail Bonds Board					1,500
Total Revenue	\$ 4,738	\$ 9,159	\$ 16,718	\$ 256	\$ 1,500
EXPENDITURES					
County Clerk	\$	\$	\$ 1,625	\$	\$
District Clerk					
Justice of Peace					
Bail Bonds Board					
Total Expenditures	\$ -0-	\$ -0-	\$ 1,625	\$ -0-	\$ -0-
BALANCE 9-30-05	\$ 16,561	\$ 43,861	\$ 90,720	\$ 686	\$ 4,063

LAMB COUNTY, TEXAS
SCHEDULE OF OTHER RESERVED FUND BALANCE
RECORD MANAGEMENT, BAIL BONDS LICENSE & COURT TECHNOLOGY ACCOUNTS
SEPTEMBER 30, 2005

COURT TECHNOLOGY				

JUSTICE OF PEACE				

	PRECINCT #1	PRECINCT #2	PRECINCT #3	PRECINCT #4
	-----	-----	-----	-----
BALANCE 10-1-04	\$ 4,372	\$ 1,792	\$ 18,445	\$ 5,687
	-----	-----	-----	-----
REVENUE				
Justice of Peace #1	\$ 1,192	\$	\$	\$
Justice of Peace #2		92		
Justice of Peace #3			5,659	
Justice of Peace #4				1,927
	-----	-----	-----	-----
Total Revenue	\$ 1,192	\$ 92	\$ 5,659	\$ 1,927
	-----	-----	-----	-----
EXPENDITURES				
Justice of Peace #1	\$ 5,265	\$	\$	\$
Justice of Peace #2				
Justice of Peace #3			7,014	
Justice of Peace #4				6,741
	-----	-----	-----	-----
Total Expenditures	\$ 5,265	\$ -0-	\$ 7,014	\$ 6,741
	-----	-----	-----	-----
BALANCE 9-30-05	\$ 299	\$ 1,884	\$ 17,090	\$ 873
	=====	=====	=====	=====

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2005

	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
	-----	-----	-----	-----
Precinct #1				
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
1999 Dump Truck - # 0383 (853)	23,500			23,500
1999 Dump Truck - # 0382 (854)	23,500			23,500
Packer (857)	500			500
Mower	475			475
140 H Version Mtr Grader #22K04627	111,000		111,000	-
140 H Mtr Grader #22K05091	117,500			117,500
2000 Chev P/U Model K2500	22,093			22,093
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, 2005

	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
	-----	-----	-----	-----
<u>Precinct # 1 (continued)</u>				
1999 Ford P/U	11,600			11,600
Jeep Truck Wrecker	5,100			5,100
2000 Chevy Z71 P/U	9,500			9,500
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
	-----	-----	-----	-----
Total Equipment	\$ 951,309	\$ 112,186	\$ 111,000	\$ 952,495
	-----	-----	-----	-----
Lois	900			900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
Fence Olton Barn (8-87)	2,600			2,600
	-----	-----	-----	-----
Total Pct # 1	\$ 993,335	\$ 112,186	\$ 111,000	\$ 994,521
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2005

	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
<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
140H Cat - #4275 (866)	111,000		111,000	-
938 G Cat Wheel Loader #47501647	75,000			75,000
140 H Version Mtr Grader #2ZK05067	109,000			109,000
2000 Ford F150 P/U #YKA850	21,290			21,290
2001 Motor Grader - # K06524 (958)	109,000			109,000
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
Total Equipment	\$ 753,209	\$ 110,377	\$ 111,000	\$ 752,586
Land	1,450			1,450
Barn	19,618			19,618
Total Pct # 2	\$ 774,277	\$ 110,377	\$ 111,000	\$ 773,654

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2005

	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
<u>Precinct #3</u>				
Welding Machine	\$ 306	\$	\$	\$ 306
Propane Tank	160			160
Magnetic Nail Picker	339			339
Wisconsin Trailer	1,800			1,800
Asphalt Pot on Trailer	4,000			4,000
Case Tractor 864180	10,750			10,750
Eversman Float	400			400
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
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, 2005

	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
	-----	-----	-----	-----
<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
	-----	-----	-----	-----
Total Equipment	\$ 691,718	\$ -0-	\$ -0-	\$ 691,718
Iron Clad Barn	10,000			10,000
	-----	-----	-----	-----
Total Pct # 3	\$ 701,718	\$ -0-	\$ -0-	\$ 701,718
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2005

<u>Precinct #4</u>	Balance 9-30-04	Additions	Deletions	Balance 9-30-05
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
140K CAT - #4396 (863)	111,000			111,000
Ripper W/Pushblock (864)	8,739			8,739
1989 Chev P/U - #0082 (577)	12,850			12,850
140H Verson Mrt Grader #22K05095	109,000			109,000
2000 Midland MG40 Dump Trk #000734	22,500			22,500
2000 Midland MG40 Dump Trk #000733	22,500			22,500
Bush-Hog Model 12615 (961)	8,900			8,900
Caterpillar Model 140H - #K05655 (942)	117,500			117,500
1996 Mack Truck - #64930 (992)	21,500			21,500
Caterpillar 140H Grader	107,441			107,441
1994 Mack Truck	12,500			12,500
1999 2-WD P/U	7,500			7,500
Hyster Grid Roller	14,685			14,685
2000 Chevy ¾ Ton P/U #139972	7,600			7,600
Total Equipment	\$ 778,788	\$ -0-	\$ -0-	\$ 778,788
Land	2,000			2,000
Barn	10,000			10,000
Total Pct #4	\$ 790,788	\$ -0-	\$ -0-	\$ 790,788

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, 2005

	Total	County Taxes	Motor Vehicle Tax	Vehicle Registration	Title Applications
	-----	-----	-----	-----	-----
Receipts:					
Taxes and Fees Collected	\$14,386,396	\$12,267,561	\$1,192,525	\$ 880,940	\$ 45,370
	=====	=====	=====	=====	=====
Disbursements:					
County Treasurer-Taxes & Tags	\$ 6,540,691	\$ 6,007,607	\$	\$ 533,084	\$
County Treasurer-Fees	49,666	2,486		26,275	20,905
Water District	57,672	57,672			
Discounts	142,488	142,488			
Attorney Fees	96,807	96,807			
City Tax Collections	1,164,422	1,164,422			
School Tax Collections	4,796,079	4,796,079			
State Treasurer	1,123,027		1,122,979		48
VIT Escrow Account	69,546		69,546		
Texas Highway Department	341,251			317,086	24,165
Texas Agricultural Finance Authority	4,495			4,495	
Texas Park & Wildlife	252				252
	-----	-----	-----	-----	-----
Total Disbursements	\$14,386,396	\$12,267,561	\$1,192,525	\$ 880,940	\$ 45,370
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF MONTHLY REPORTS-AD VALOREM TAXES
For Year Ended September 30, 2005

Receipts

2004 Roll:	
County/Hospital/Debt Service	\$ 5,919,943
Penalty and Interest	26,179
Delinquent:	
County/Hospital/Debt Service	154,986
Penalty and Interest	47,572
Other:	
Water District	61,573
Attorney Fees	96,807
City Tax Collections	1,164,422
School Tax Collections	4,796,079

Total Receipts	\$12,267,561
	=====

Disbursements:

County Treasurer-Taxes & Tags	\$ 6,007,607
County Treasurer-Fees	2,486
Water District	57,672
Discounts	142,488
Attorney Fees	96,807
City Tax Collections	1,164,422
School Tax Collections	4,796,079

Total Disbursements	\$12,267,561
	=====

Reconciliation With County Treasurer

FYE 9-30-05 Receipts Per County Treasurer	\$ 5,992,241
Less: FYE 9-30-04 Receipts Received in FYE 9-30-05	(3,492)
Add: FYE 9-30-05 Receipts Received in FYE 9-30-06	21,344
Add: Disbursements Made By Tax Assessor-Collector	
For Lamb County:	
Water District	\$ 57,672
Discounts	142,488
Attorney Fees	96,807
City Tax Collections	1,164,422
School Tax Collections	4,796,079

	6,257,468

Ad Valorem Taxes Collected Per	
Monthly Reports	\$12,267,561
	=====

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, 2005

Receipts:		
Taxes Collected		\$1,192,525 =====
Disbursements:		
State Treasurer-Taxes		\$1,122,979
VIT Escrow Account		69,546 -----
		\$1,192,525 =====
	<u>Reconciliation of Escrow Account</u>	
Escrow Balance FYE 9-30-04		\$ 45,727
Reports 10-1-04 to 12-31-04		17,434 -----
		\$ 63,161
Disbursement to Tax Entities		63,161 -----
Balance		\$ -0-
Reports 1-1-05 to 9-30-05		52,112 -----
Escrow Balance FYE 9-30-05		\$ 52,112 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF WEEKLY REPORTS-VEHICLE REGISTRATION
For Year Ended September 30, 2005

Receipts:		
Vehicle Registration	\$753,856	
County Road & Bridge Fund	122,589	
Young Farmer Endowment Program	4,495	

Total Receipts		\$880,940 =====
Disbursements:		
County Treasurer Tags	* \$533,084	
County Treasurer Fees	* 26,275	
Texas Highway Department	317,086	
Texas Agricultural Finance Authority	4,495	

Total Disbursements		\$880,940 =====
<u>Reconciliation With Treasurer</u>		
Receipts Per Treasurer FYE 9-30-05		\$569,176
Less: FYE 9-30-04 Receipts Received in FYE 9-30-05		(13,317)
Add: FYE 9-30-05 Receipts Received in FYE 9-30-06		3,500

Total County Tags and Fees FYE 9-30-05		\$559,359* =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF DAILY REPORTS-TITLE APPLICATIONS/TAX CERTIFICATES
For Year Ended September 30, 2005

Receipts:	
Title Applications	\$ 38,740
Tax Certificates	6,300
Boat Motor Tax	330

	\$ 45,370
	=====
Disbursements:	
County Treasurer Fees	\$ 20,905
State Treasurer - Taxes	48
Texas Highway Department Fees	24,165
Texas Parks and Wildlife Department	252

	\$ 45,370
	=====
<u>Reconciliation With Treasurer</u>	
Receipts Per Treasurer FYE 9-30-05	\$ 20,695
Less: FYE 9-30-04 Receipts Received in FYE 9-30-05	(695)
Add: FYE 9-30-05 Receipts Received in FYE 9-30-06	905

Total County Fees FYE 9-30-05	\$ 20,905
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2004 ROLL
For The Year Ended September 30, 2005

Roll	

Taxable Value	\$795,374,475 =====
Tax Levy	\$ 6,078,252
Collections	

October 1, 2004 thru June 30, 2005	5,919,943 -----
Balance June 30, 2005	\$ 158,309 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2005

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

Total Tax Per \$100 Valuation	\$.7642	100.00
	=====	=====
Distribution as Follows:		
Jury Fund	\$.0020	00.26
General Fund	.4600	60.20
General Road & Bridge	.1038	13.58
Hospital	.1560	20.41
Debt Service Fund	.0424	05.55
	-----	-----
County Tax Rate	\$.7642	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2005

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-04	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-05
1996 & Prior Years			\$ 19,725	\$	\$ 1,503	\$ 30	\$ 18,252
1997	.3787	906,264,352	2,720		646	10	2,084
1998	.5837	892,281,680	6,930		1,598	15	5,347
1999	.5990	861,510,669	9,148		2,446	(23)	6,679
2000	.5879	885,400,600	13,314		3,637	(162)	9,515
2001	.5979	875,601,886	18,853		4,981	(160)	13,712
2002	.6141	854,763,998	28,428		10,115	(74)	18,239
2003	.6250	858,256,562	46,090		20,572	(520)	24,998
2004	.6687	866,796,982	98,452		53,878	(449)	44,125
2005 (Year Under Audit)	.7642	795,374,475		6,078,252	5,975,552	(11)	102,689
TOTALS			<u>\$ 243,660</u>	<u>\$ 6,078,252</u>	<u>\$ 6,074,928</u>	<u>\$ (1,344)</u>	<u>\$ 245,640</u>

ALLOCATION OF DELINQUENT TAX BALANCE

GENERAL FUND	\$ 239,941
DEBT SERVICE FUND	5,699
TOTAL	<u>\$ 245,640</u>

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, 2005

Receipts:	
Recording Fees	\$ 22,989
Marriage License	2,350
Certified Copies	4,610
Xerox	2,676
Birth Certificates	4,235
Financing Statements	722
Probate and Civil	906
Criminal Cases	17,847
Interest	143
Tax Liens	1,092
Mandatory Court Security	278
Mandatory Records Management	2,408
County Clerk Records Management	13,328
Work Release	-0-
Family Trust Fund	495

Total Receipts	\$ 74,079

Disbursements:	
County Treasurer	\$ 63,341
Transfers to Records Management Fund	12,470
Refunds and Other	50

Total Disbursements	\$ 75,861

Excess Receipts Over Disbursements	\$ (1,782)

Fund Balance 9-30-04	6,366

Fund Balance 9-30-05	\$ 4,584
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY COURT FUND
For Year Ended September 30, 2005

Receipts:		
Court Cost Deposits	\$ 27,977	
Mandatory Court Security	370	
Mandatory Records Management	370	
Interest	562	

Total Receipts		\$ 29,279
Disbursements:		
Refund of Deposits	\$ 316	
Other Fees	195	
County Treasurer	19,699	

Total Disbursements		20,210

Excess Receipts Over Disbursements		\$ 9,069
Fund Balance 9-30-04		12,856

Fund Balance 9-30-05		\$ 21,925
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CRIMINAL PARTIAL PAYMENT FUND
For Year Ended September 30, 2005

Receipts:		
Payments Received	\$139,182	
Mandatory Court Security	411	
Mandatory Records Management	2,703	

Total Receipts		\$142,296
Disbursements:		
County Treasurer	\$119,854	
Miscellaneous	19,719	

Total Disbursements		139,573

Excess Receipts Over Disbursements		\$ 2,723
Fund Balance 9-30-04		38,512

Fund Balance 9-30-05		\$ 41,235
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CASH BOND FUND
For Year Ended September 30, 2005

	CRIMINAL	CIVIL
Receipts:		
Payments Received	\$ 3,750	\$ -0-
Total Receipts	\$ 3,750	\$ -0-
Disbursements:		
Applied to Court Costs	\$ -0-	\$ -0-
Refunded	750	-0-
County Treasurer	1,500	-0-
Other	-0-	-0-
Total Disbursements	2,250	-0-
Excess Receipts Over Disbursements	\$ 1,500	\$ -0-
Fund Balance 9-30-04	12,684	9,585
Fund Balance 9-30-05	\$ 14,184	\$ 9,585

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, 2005

	<u>Civil</u>	<u>Criminal</u>
	-----	-----
Receipts:		
Clerk Filing Fees	\$ 13,953	\$. 2,454
Consolidated State Court		4,679
Court Appointed Attorney	100	7,895
Crime Victims Fund		1,489
District Clerk Records Management	1,296	
Fines		20,618
Indigent Fund	470	
Interest	1,032	521
Jury Fees	1,810	40
Law Library	2,780	
Mandatory Courthouse Security	791	325
Mandatory Records Management	225	643
Miscellaneous	319	824
Passport Fees	1,027	
Probation		30,243
Sheriff Fees	8,439	3,713
State Fees	7,734	
Steno Fees	2,072	
Time Payment Fee		1,563
	-----	-----
Total Receipts	\$ 42,048	\$ 75,007
	=====	=====
Disbursements:		
Lamb County Treasurer	\$ 41,451	\$ 44,263
154th Judicial Adult Probation Dept.		30,171
State Treasurer		
Less: FYE 9-30-04 Fees Paid in		
FYE 9-30-05:		
County Treasurer	(2,617)	(1,946)
State Treasurer		
Probation Dept.		(1,811)
Plus: FYE 9-30-05 Fees Paid in		
FYE 9-30-06:		
County Treasurer	3,214	2,447
State Treasurer		
Probation Dept.		1,883
	-----	-----
Total Disbursements	\$ 42,048	\$ 75,007
	=====	=====

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, 2005

Receipts:

Sheriff Fees	\$	9,959	
Other		3,675	

			\$ 13,634

Disbursements:

County Treasurer	\$	13,634	
Other		-0-	

			13,634

Excess(Deficiency) Receipts Over Disbursements	\$	-0-	
Fund Balance 9-30-04		-0-	

Fund Balance 9-30-05	\$	-0-	
			=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$	10,041	
Less: Receivable FYE 9-30-04		(2,904)	
Add: Receivable FYE 9-30-05		6,497	

Disbursements to Treasurer	\$	13,634	
			=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PRISONER ACCOUNT
For Year Ended September 30, 2005

Receipts:

Inmate Deposits \$ 42,059

Disbursements:

Commissary Use & Refunds 35,773
Theft 1,737

Excess(Deficiency) Receipts Over Disbursements \$ 4,549

Cash Balance, 9-30-04 624

Cash Balance, 9-30-05 \$ 5,173
=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED PRISONER ACCOUNT
For Year Ended September 30, 2005

Receipts:

Prisoner Account Transfers	\$	16
----------------------------	----	----

Disbursements:

Refunds		-0-
Theft		901

Excess(Deficiency) Receipts Over Disbursements	\$	(885)
--	----	-------

Cash Balance, 9-30-04		1,744

Cash Balance, 9-30-05	\$	859
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
COMMISSARY ACCOUNT
For Year Ended September 30, 2005

Receipts:

Sales - Commissary	\$15,510	
Other	874	

Total Receipts		\$ 16,384

Disbursements:

Purchases	\$12,445	
Sales Tax	926	
Supplies	603	
Other	204	
Theft	1,290	

Total Disbursements		15,468

Excess(Deficiency) Receipts Over Disbursements		\$ 916
Cash Balance, 9-30-04		3,635

Cash Balance, 9-30-05		\$ 4,551
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED COMMISSARY ACCOUNT
For Year Ended September 30, 2005

Receipts:	\$ -0-
Disbursements:	\$ 874
Excess(Deficiency) Receipts Over Disbursements	\$ (874)
Cash Balance, 9-30-04	874

Cash Balance, 9-30-05	\$ -0-
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
EDUCATION ACCOUNT
For Year Ended September 30, 2005

Receipts:

State Revenue \$ 2,409

Disbursements:

Continuing Education Use 735
Theft 1,950

Excess (Deficiency) Receipts Over Disbursements \$ (276)

Cash Balance, 9-30-04 2,103

Cash Balance, 9-30-05 \$ 1,827
=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PETTY CASH ACCOUNT
For Year Ended September 30, 2005

Receipts:

Reimbursements	\$ 6,195	
Other	170	

Total Receipts		\$ 6,365

Disbursements:

Travel	\$ 209	
Supplies	783	
Meals	1,254	
Miscellaneous	1,205	
Theft	3,482	

Total Disbursements		\$ 6,933

Excess(Deficiency) Receipts Over Disbursements	\$ (568)
Cash Balance, 9-30-04	786

Cash Balance, 9-30-05	\$ 218
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FORFEITURE ACCOUNT
For Year Ended September 30, 2005

Receipts:	\$ 3,657
Disbursements:	6,150 -----
Excess(Deficiency) Receipts Over Disbursements	\$ (2,493)
Cash Balance, 9-30-04	3,478 -----
Cash Balance, 9-30-05	\$ 985 =====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
DRUG PROGRAM ACCOUNT
For Year Ended September 30, 2005

Receipts:

Telephone Commission	\$ 12,405	
Other	425	

Total Receipts		\$12,830

Disbursements:

Drug Investigation	\$ 9,470	
Investigation Equipment	-0-	
Miscellaneous	-0-	
Other	-0-	

Total Disbursements		9,470

Excess (Deficiency) Receipts Over Disbursements		\$ 3,360
---	--	----------

Cash Balance, 9-30-04		5,538

Cash Balance, 9-30-05		\$ 8,898
		=====

Summary:

Cash on Hand		\$ 237
Cash in Bank - SSB		8,661

Total		\$ 8,898
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
BOND FEES
For Year Ended September 30, 2005

Receipts:

Bond Fees	\$	6,795	
Other		15	

	\$		6,810

Disbursements:

County Treasurer	\$	6,795	
Other		30	

			6,825

Excess(Deficiency) Receipts Over Disbursements	\$		(15)
Fund Balance 9-30-04			40

Fund Balance 9-30-05	\$		25
			=====

Reconciliation with County Treasurer

Receipts Per Treasurer	\$	11,115	
Less: Receivable FYE 9-30-04		(5,805)	
Add: Receivable FYE 9-30-05		2,445	

Disbursements to Treasurer	\$		7,755
			=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
TRUST ACCOUNT
For Year Ended September 30, 2005

Receipts:	\$ 6,621
Disbursements:	7,438 -----
Excess(Deficiency) Receipts Over Disbursements	\$ (817)
Cash Balance, 9-30-04	865 -----
Cash Balance, 9-30-05	\$ 48 =====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
TOY FOR KIDS ACCOUNT
For Year Ended September 30, 2005

Receipts:	\$ 1,180
Disbursements (Theft):	1,400 -----
Excess(Deficiency) Receipts Over Disbursements	\$ (220)
Cash Balance, 9-30-04	1,252 -----
Cash Balance, 9-30-05	\$ 1,032 =====

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, 2005

Receipts:		
Fines	\$47,200	
Other	-0-	\$47,200

Disbursements:		
County Treasurer	\$49,828	
Fines Collected for Other Agency	577	
Other	-0-	50,405
	-----	-----
Excess(Deficiency) Receipts Over Disbursements		\$(3,205)
Fund Balance 9-30-04		4,177

Fund Balance 9-30-05		\$ 972
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$53,215
Less: FYE 9-30-04 Fees Received in FYE 9-30-05	(3,860)
Add: FYE 9-30-05 Fees Received in FYE 9-30-06	360
Add: Courthouse Security Fund	690

 Total Fines Collected for County Per Monthly Reports JP #1	 \$50,405 =====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 2
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2005

Receipts:			
Fines	\$ 3,671		
Redeposits	-0-		
Other	1,000	\$ 4,671	

Disbursements:			
County Treasurer	\$ 3,996		
Returned Checks	-0-		
Other	61	4,057	
	-----	-----	
Excess(Deficiency) Receipts Over Disbursements		\$ 614	
Fund Balance 9-30-04		902	

Fund Balance 9-30-05		\$ 1,516	
		=====	

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 3,913
Less: FYE 9-30-04 Fees Received in FYE 9-30-05	(500)
Add: FYE 9-30-05 Fees Received in FYE 9-30-06	505
Add: Courthouse Security Fund	78

Total Fines Collected for County Per Monthly Reports JP #2	\$ 3,996
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 3
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2005

Receipts:		
Fines and Restitution	\$267,111	
Redeposits and Fees	-0-	\$267,111

Disbursements:		
County Treasurer	\$256,452	
Fines Collected For Other Agency and Restitution	6,770	
Returned Checks	3,859	267,081

Excess(Deficiency) Receipts Over Disbursements		\$ 30
Fund Balance 9-30-04		155

Fund Balance 9-30-05		\$ 185
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$262,826
Less: FYE 9-30-04 Fees Received in FYE 9-30-05	-0-
Add: FYE 9-30-05 Fees Received in FYE 9-30-06	-0-
Add: Courthouse Security Fund	4,255

Total Fines Collected for County Per Monthly Reports JP #3	\$267,081
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 4
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2005

Receipts:		
Fines	\$ 76,512	
Redeposits	-0-	
Other	-0-	\$ 76,512

Disbursements:		
County Treasurer	\$ 76,511	
Fines Collected For Other Agency	-0-	
Other	-0-	76,511

Excess(Deficiency) Receipts Over Disbursements		\$ 1
Fund Balance 9-30-04		143

Fund Balance 9-30-05		\$ 144
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 79,336
Less: FYE 9-30-04 Fees Received in FYE 9-30-05	(5,168)
Add: FYE 9-30-05 Fees Received in FYE 9-30-06	952
Add: Courthouse Security Fund	1,391

Total Fines Collected For County Per Monthly Reports JP #4	\$ 76,511
	=====

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

Webb, Webb, and Wright
Certified Public Accountants

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

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FAX: (806) 385-5183

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

February 2, 2006

Independent Auditor's Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamb County as of and for the year ended September 30, 2005, which collectively comprise Lamb County's basic financial statements and have issued our report thereon dated February 2, 2006.

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

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 - February 2, 2006

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, 2005

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

LAMB COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified
that are not considered to be
material weaknesses? Yes X None Reported

Noncompliance material to financial
statements noted? Yes X No

B. Financial Statement Findings

The County's deposits were not entirely covered by FDIC
coverage and pledged collateral as explained in Note 4.

C. Federal Award Findings and Questioned Costs

None

LAMB COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Coverage of the County's Deposits

This situation has been discussed with the County Treasurer and the County will monitor the County's deposits closely so that pledged securities can be increased when needed.