

LAMB COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2003

LAMB COUNTY, TEXAS
COUNTY OFFICIALS
SEPTEMBER 30, 2003

Name of Official -----	Office -----
Bill Thompson	County Judge
Willie Gene Green	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
Celia Kuykendall	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

December 8, 2003

Independent Auditor's Report

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

We have audited the accompanying basic financial statements of Lamb County, as of and for the year ended September 30, 2003 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 basic 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.

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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lamb County - December 8, 2003

As explained in Note 1, the County has implemented a new financial reporting model, as required by GASB Statement No.34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," as of September 30, 2003.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2003 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 grants. 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 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 basic financial statements of Lamb County taken as a whole. 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 statement 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, 2003. 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 County implemented GASB Statement #34 this year. Since the net asset measurements were not required in prior years, our analysis of comparative balances and changes therein is limited to the current year's operations. 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 decreased from \$6,328,074 to \$5,771,393. 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 \$670,724 at September 30, 2003.

This decrease in governmental net assets was the net result of the reconciling items recorded on Exhibit C-3.

The net assets of our business-type activities decreased by \$146,399. This decrease is significant to the overall operations of the County, however, it represents significant services to the community.

Table 1

Lamb County

Net Assets
in thousands

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Current and other assets	1,065	1,453	2,518
Capital assets	5,942	927	6,869
Total assets	7,007	2,380	9,387
Long-term liabilities	700	35	735
Other liabilities	606	878	1,484
Total liabilities	1,306	913	2,219
Net assets:			
Invested in capital assets, net of related debt	4,942		4,942
Restricted	159		159
Unrestricted	600	1,467	2,067
Total net assets	5,701	1,467	7,168

Table 2

Lamb County

Changes in Net Assets

in thousands

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
	-----	-----	-----
Revenues:			
Net program revenues:			
Charges for services	662	6,429	7,091
Operating grants and contributions	19		19
General revenues:			
Property taxes	5,285		5,285
Other taxes	594		594
Grants and contributions not restricted		99	99
Unrestricted investments earnings	41	8	49
Other revenues	367	151	518
	-----	-----	-----
Total revenues	6,968	6,687	13,655
	-----	-----	-----
Expenses:			
General government	1,926		1,926
Public safety	1,870		1,870
Highway and street	1,824		1,824
Public welfare	844		44
Health		7,957	7,957
Judicial	452		452
Education	130		130
Interest on long-term debt	76		76
	-----	-----	-----
Total expenses	6,322	7,957	14,279
	-----	-----	-----
Increase (decrease) in net assets			
before transfers	646	(1,270)	(624)
Transfers	(1,193)	1,193	-0-
	-----	-----	-----
Change in net assets	(547)	(77)	(624)
Increase (decrease) in net assets	(80)		(80)
Net assets - beginning	6,328	1,544	7,872
	-----	-----	-----
Net assets - ending	5,701	1,467	7,168
	=====	=====	=====

The County's total revenues were increased over \$8,000 this year. The total cost of all programs and services were decreased over \$63,000 this year. The County took actions this year to compensate for some increases in cost:

1. Decrease in employee benefits.
2. Small increase in property taxes.
3. Decrease in operational costs.
4. Although a hiring freeze was not imposed – no new jobs were created.

The cost of all governmental and business-type activities this year was \$14,278,299. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,878,623 because some of the costs were paid by those who directly benefited from the programs (\$7,091,332) or by other governments and organizations that subsidized certain programs with grants and contributions (\$118,300).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$683,440 which is significantly below last year's total of \$1,404,530. Included in this year's total change in fund balance is a decrease of \$561,560 in the County's General Fund.

Due to an error in the two previous budgets (that resulted in deficit budgets), the County's reserve was depleted. The error was not discovered until late in the year.

The County's General Fund balance of \$464,143 differs from the General Fund's budgetary fund balance of \$645,267. This difference is shown on the budgetary comparison schedule (Exhibit G-1).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the County had \$13,106,609 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:

Road Graders and Road Equipment	\$ 462,445
Vehicles	185,364
Office Furniture and Equipment	12,285
Land and Courthouse Improvements	25,885

Total	\$ 685,979
	=====

The County's fiscal year 2003 budget called for a communications tower and purchase of an ambulance. No additional debt is to be added.

Debt

At year-end, the County had \$1,000,000 in bonds outstanding versus \$1,300,000 last year. The County does not have any other long-term debt nor does it anticipate any new debt.

More detailed information about the County's long-term liabilities is presented in Note 3 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 2003 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, 2003

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 397,117	\$ 525	\$ 397,642
Investments	524,995		524,995
Receivables (net of allowance for uncollectibles)	195,598	1,163,342	1,358,940
Note receivable	14,243		14,243
Internal Balances	(70,190)	70,190	-0-
Due from other government units	3,615		3,615
Inventories		187,916	187,916
Prepays		31,253	31,253
Capital assets (net of accumulated depreciation):			
Land	32,970	61,822	94,792
Buildings	3,405,313		3,405,313
Machinery and equipment	1,564,802	865,870	2,430,672
Vehicles	700,917		700,917
Office equipment	221,420		221,420
Capital lease	16,281		16,281
Total Capital Assets	\$ 5,941,703	\$ 927,692	\$ 6,869,395
TOTAL ASSETS	\$ 7,007,081	\$ 2,380,918	\$ 9,387,999
LIABILITIES			
Accounts payable and other current liabilities	\$ 76,340	\$ 594,222	\$ 670,562
Accrued liabilities	1,001	233,853	234,854
Notes payable	110,000		110,000
Deferred revenue	118,537		118,537
Noncurrent liabilities:			
Due within one year	300,000	50,018	350,018
Due in more than one year	700,000	35,338	735,338
TOTAL LIABILITIES	\$ 1,305,878	\$ 913,431	\$ 2,219,309
NET ASSETS			
Invested in capital assets, net of related debt	\$ 4,941,703	\$	\$ 4,941,703
Restricted for:			
Debt service	71,822		71,822
Other purposes	87,144		87,144
Unrestricted	600,534	1,467,487	2,068,021
TOTAL NET ASSETS	\$ 5,701,203	\$ 1,467,487	\$ 7,168,690

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

LAMB COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capitol Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,925,982	\$ 318,756	\$ 19,208	\$	\$ (1,588,018)	\$	\$ (1,588,018)
Judicial	452,302	320,853			(131,449)		(131,449)
Public safety	1,869,756				(1,869,756)		(1,869,756)
Highways and streets	1,823,920	22,288			(1,801,632)		(1,801,632)
Education	129,811				(129,811)		(129,811)
Public welfare	44,202				(44,202)		(44,202)
Interest on long-term debt	75,551				(75,551)		(75,551)
Total Governmental Activities	\$ 6,321,524	\$ 661,897	\$ 19,208	\$ -0-	\$ (5,640,419)	\$ -0-	\$ (5,640,419)
Business -- Type Activities:							
Health	\$ 7,956,775	\$ 6,429,435	\$ -0-	\$ -0-	\$ -0-	\$ (1,527,340)	\$ (1,527,340)
Total Business-Type Activities	\$ 7,956,775	\$ 6,429,435	\$ -0-	\$ -0-	\$ -0-	\$ (1,527,340)	\$ (1,527,340)
TOTAL PRIMARY GOVERNMENT	\$ 14,278,299	\$ 7,091,332	\$ 19,208	\$ -0-	\$ (5,640,419)	\$ (1,527,340)	\$ (7,167,759)
General Revenue:							
Property taxes					\$ 5,284,717	\$ -0-	\$ 5,284,717
Vehicle registrations and fees					593,906	-0-	593,906
Grants and contributions not restricted to specific programs						99,092	99,092
Investment earnings					41,076	7,944	49,020
Miscellaneous					367,098	150,848	517,946
Transfers					(1,193,247)	1,193,247	-0-
Total general revenues and transfers					\$ 5,093,550	\$ 1,451,131	\$ 6,544,681
Change in net assets					\$ (546,869)	\$ (76,209)	\$ (623,078)
Net assets -- beginning					6,328,074	1,543,696	7,871,770
Increase (decrease) in net assets					(80,002)	-0-	(80,002)
Net assets -- ending					\$ 5,701,203	\$ 1,467,487	\$ 7,168,690

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

LAMB COUNTY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
	-----	-----	-----	-----
ASSETS				

Cash	\$ 234,189	\$ 15,453	\$ 147,475	\$ 397,117
Investments	468,626	56,369		524,995
Delinquent Tax Receivable	221,191	6,746		227,937
Allowance for Uncollectible Tax	(22,119)	(675)		(22,794)
Note Receivable	14,243			14,243
Due From Tax Office	3,615			3,615
	-----	-----	-----	-----
Total Assets	\$ 919,745	\$ 77,893	\$ 147,475	\$ 1,145,113
	-----	-----	-----	-----

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

LAMB COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
LIABILITIES & FUND EQUITY				
Accounts Payable	\$ 55,393	\$	\$	\$ 55,393
Other Current Liabilities	20,947			20,947
Notes Payable	110,000			110,000
Deferred Revenue	199,072	6,071		205,143
Due to Other Funds	70,190			70,190
Total Liabilities	\$ 455,602	\$ 6,071	\$ -0-	\$ 461,673
FUND EQUITY				
Reserved Fund Balances:				
Retirement of Long-Term Debt	\$ 87,144	\$ 71,822	\$	\$ 71,822
Other Reserves	376,999			87,144
Unreserved Fund Balance			147,475	524,474
Total Fund Equity	\$ 464,143	\$ 71,822	\$ 147,475	\$ 683,440
Total Liabilities and Fund Equity	\$ 919,745	\$ 77,893	\$ 147,475	\$ 1,145,113

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

LAMB COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

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

Total fund balances - governmental fund balance sheet	\$ 683,440
Capital assets used in governmental activities not financial resources and, therefore, are not reported in the funds.	5,941,703
Change in accounts receivables due to revenue recognition timing difference.	(9,545)
Liability for accrued interest payable used in governmental activities are not reported in the funds.	(1,001)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	86,606
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(1,000,000)

Total net assets of governmental activities - statement of net assets	\$ 5,701,203 =====

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

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	General	Debt Service	Capital Projects	Total Governmental Funds
	-----	-----	-----	-----
Revenues				
Taxes	\$ 4,828,511	\$ 369,600	\$	\$ 5,198,111
Charges For Services	328,301			328,301
Fines and Fees	320,853			320,853
Vehicle Registration & Fees	593,906			593,906
Lateral Road	22,288			22,288
Grants	19,208			19,208
Interest on Investments	34,955	3,805	2,316	41,076
Miscellaneous	367,098			367,098
	-----	-----	-----	-----
Total Revenues	\$ 6,515,120	\$ 373,405	\$ 2,316	\$ 6,890,841
	-----	-----	-----	-----
Expenditures				
District Judge	\$ 124,906	\$	\$	\$ 124,906
District Clerk	119,102			119,102
County Judge	785,841			785,841
County Clerk	228,614			228,614
Tax Office	209,764			209,764
County Treasurer	205,310			205,310
County Attorney	138,372			138,372
Justice of Peace - Precinct No. 1-4	180,131			180,131
County Veterans & Welfare	44,202			44,202
Adult Probation	676			676
Juvenile Probation	331,739			331,739
County Extension Office	121,244			121,244
County Sheriff	1,759,429			1,759,429
County Library	129,811			129,811
Road and Bridge - Precinct No. 1-4	1,559,277			1,559,277
Jury	8,893			8,893
Grants Department	8,954			8,954
Debt Service		374,550		374,550
Capital Outlay			7,867	7,867
	-----	-----	-----	-----
Total Expenditures	\$ 5,956,265	\$ 374,550	\$ 7,867	\$ 6,338,682
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 538,855	\$ (1,145)	\$ (5,551)	\$ 552,159
	-----	-----	-----	-----

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

LAMB COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For Year Ended September 30, 2003

	General	Debt Service	Capital Projects	Total Governmental Funds
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Operating Transfers In	\$ 5,766,076	\$	\$	\$ 5,766,076
Operating Transfers Out	(6,806,489)		(152,834)	(6,959,323)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (1,040,413)	\$ -0-	\$ (152,834)	\$ (1,193,247)
	-----	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ (481,558)	\$ (1,145)	\$ (158,385)	\$ (641,088)
Fund Balance at Beginning of Year	1,025,703	72,967	305,860	1,404,530
Increase (Decrease) In Fund Balance	(80,002)			(80,002)
	-----	-----	-----	-----
Fund Balance at End of Year	\$ 464,143	\$ 71,822	\$ 147,475	\$ 683,440
	=====	=====	=====	=====

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

LAMB COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

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

Net change in fund balances - total governmental funds.	\$ (721,090)
Capital outlays are not reported as expenses in the SOA.	685,979
Capital asset decreases.	(422,776)
Capital asset depreciation used in governmental activities is not reported in the funds.	(545,044)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	77,061
Some expenses reported in the SOA are not fund expenditures (accrued interest payable which are liabilities not normally liquidated with current financial resources).	(1,001)
Some expenditures (e.g. principal debt payment) on fund statements are not expenditures on the SOA.	300,000
Decrease in net assets due to prior period adjustments.	80,002

Change in net assets of governmental activities.	\$ (546,869)
	=====

The accompanying notes are an integral part of this statement.

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2003

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$	525
Patients Accounts Receivable, Net of Allowances		1,138,380
Other Receivable - Lamb County		70,190
Estimated Third-Party Payor Settlements		24,962
Inventory of Supplies		187,916
Prepaid Expenses and Other Current Assets		31,253

Total Current Assets \$ 1,453,226

PROPERTY, PLANT, AND EQUIPMENT

Net of Accumulated Depreciation 927,692

Total Assets \$ 2,380,918

=====

LAMB COUNTY, TEXAS
BALANCE SHEET - PROPRIETARY FUND
SEPTEMBER 30, 2003

LIABILITIES AND FUND BALANCE:

CURRENT LIABILITIES

Overdraft Payable	\$	764
Accounts Payable		478,416
Accrued Payroll, Benefits and Payroll Liabilities		233,853
Estimated Third-Party Payor Settlements		-0-
Current Portion of Long-Term Debt		50,018
Other Current Liabilities		115,042

Total Current Liabilities	\$	878,093
---------------------------	----	---------

LONG-TERM DEBT, Net of Current Portion		35,338

Total Liabilities	\$	913,431
-------------------	----	---------

UNRESTRICTED FUND BALANCE

1,467,487

Total Liabilities and Fund Balance	\$	2,380,918
		=====

LAMB COUNTY, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND BALANCE - PROPRIETARY FUND
SEPTEMBER 30, 2003

REVENUE	
Net Patient Service Revenue	\$ 5,995,660
County Subsidy Revenue	1,202,833
Medicaid Disproportionate Share Funds	433,775
Tobacco Settlement Revenue	21,622
Unrestricted Grants and Donations	99,092
Other Operating Revenue	119,640

Total Revenue	\$ 7,872,622

OPERATING EXPENSES	
Salaries and Wages	\$ 3,083,065
Employee Benefits	553,640
Professional Fees and Purchased Services	1,358,752
Supplies and Other	1,854,522
Interest	8,033
Depreciation	214,265
Provision for Bad Debts	884,498

Total Operating Expenses	\$ 7,956,775

Operating Income (Loss)	\$ (84,153)
NON-OPERATING INCOME	
Interest Income	7,944

Expenses and Losses in Excess of Revenues and Gains	\$ (76,209)
Unrestricted Fund Balance at Beginning of Year	1,543,696

Unrestricted Fund Balance at End of Year	\$ 1,467,487
	=====

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income(Loss)	\$ (84,153)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Used by Operating Activities:	
Interest Expense Considered Capital Financing Activity	8,033
Depreciation	214,265
Provision for Bad Debt	884,498
County Subsidy Revenue	(1,202,833)
Unrestricted Grants and Donations	(99,092)
(Increase)Decrease in:	
Accounts Receivable	(899,202)
Other Receivable - Lamb County	22,723
Inventory of Supplies	7,571
Prepaid Expenses and Other Current Assets	8,157
Increase(Decrease) in:	
Overdraft Payable	764
Accounts Payable	283,822
Accrued Payroll, Benefits and Payroll Liabilities	32,534
Estimated Third-Party Payor Settlements	(192,887)
Other Current Liabilities	(6,564)

Net Cash Provided(Used) by Operating Activities	\$ (1,022,364)

 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
County Subsidy Revenue	\$ 1,202,833
Unrestricted Grants and Donations	99,092

Net Cash Provided(Used) by Non-Capital Financing Activities	\$ 1,301,925

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

LAMB COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SEPTEMBER 30, 2003

CASH FLOW FROM INVESTING ACTIVITIES	
Investment Income	\$ 7,944

Net Cash Provided(Used) by Investing Activities	\$ 7,944

CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Property, Plant and Equipment	\$ (262,457)
Interest Expense Considered Capital Financing Activity	(8,033)
Proceeds from Long-Term Debt	-0-
Principal Payments on Long-Term Debt	(60,867)

Net Cash Provided(Used) by Capital and Related Financing Activities	\$ (331,357)

Net Increase(Decrease) in Cash and Cash Equivalents	\$ (43,852)

Cash and Cash Equivalents at the Beginning of Year	44,377

Cash and Cash Equivalents at the End of Year	\$ 525
	=====

Supplemental Disclosure of Cash Flow Information

Interest Paid	\$ 8,033
	=====

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

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.

For the fiscal year ended September 30, 2003, the County implemented the new reporting requirements of GASB Statement No. 34. As a result, an entirely new financial reporting model has been implemented.

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, 2003

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, 2003

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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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, 2003

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 Funds are:

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.

Debt Service Fund (DSF) This is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Capital Projects Fund (CPF) This is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

D. CASH EQUIVALENTS

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

E. RECEIVABLE AND PAYABLE BALANCES

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

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

F. INTERFUND ACTIVITY

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

G. INVENTORY

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

H. CAPITAL ASSETS

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

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

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

GASBS No. 34 requires the County to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years beginning in 2006. The County has elected to implement the provisions of GASBS No. 34 in the current year.

I. ENCUMBRANCES

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

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.

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.

L. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the County's financial position and operations, However, comparative data have not been presented in all of the statements because their inclusion would make the statements unduly complex and difficult to read.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

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 02-03 fiscal year.

NOTE 3. LEGAL COMPLIANCE

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

NOTE 4: DEPOSITS AND INVESTMENTS

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

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Cash Deposits:

At September 30, 2003, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts) included in cash and investments was \$397,642 and the bank balance was \$543,987. The County's cash deposits with financial institutions at September 30, 2003 and during the year ended September 30, 2003, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

- a. Name of bank Security State Bank - Littlefield, Texas
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$4,832,577.
- c. Largest cash, savings and time deposits combined account balance amounted to \$4,833,912 and occurred during the month of November 2002.
- 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.

Current investments of \$524,995 are invested in Texpool and the ICT-Government Securities Portfolio Fund. The carrying amount of \$524,995 and the fair value are the same.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

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	\$ 397,642	\$	\$	\$ 397,642
Texpool Accounts	168,429			168,429
I.C.T. - Government Securities Portfolio			356,566	356,566
Total	\$ 566,071	\$ -0-	\$ 356,566	\$ 922,637
	=====	=====	=====	=====

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 4: DEPOSITS AND INVESTMENTS (continued)

Investment Accounting Policy:

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

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

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.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

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: NOTES RECEIVABLE

Note Receivable balance of \$14,243 in the General Fund was from the sale of the Olton Pharmacy in May 1995. This note was set up for 120 monthly installments at an interest rate based on the T-Bill rate.

NOTE 8: INTERFUND BALANCES AND ACTIVITIES

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2003 consisted of the following:

Due To Fund	Due From Fund	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 70,190

		\$ 70,190
		=====

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, 2003 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
Proprietary Fund-Hospital	General Fund	\$ 5,613,242
Other Governmental Fund	General Fund	152,834
General Fund	Proprietary Fund-Hospital	6,806,489

		\$ 12,572,565
		=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 9: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2003, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 23,250	\$ 9,720	\$	\$ 32,970
Construction in progress				
Total capital assets not being depreciated	\$ 23,250	\$ 9,720	\$	\$ 32,970
 <i>Capital assets being depreciated:</i>				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	9,093,878	16,165	(111,425)	8,998,618
Machinery and equipment	2,346,030	467,545	(460,000)	2,353,575
Vehicles	1,191,000	180,264	(202,696)	1,168,568
Office equipment	522,162	12,285		534,447
Capital Lease	18,431			18,431
Total capital assets being depreciated	\$ 13,171,501	\$ 676,259	\$ (774,121)	\$ 13,073,639
 <i>Less accumulated depreciation for:</i>				
Infrastructure	\$	\$	\$	\$
Buildings and improvements	(5,483,329)	(126,276)	16,300	(5,593,305)
Machinery and Equipment	(783,889)	(223,205)	218,321	(788,773)
Vehicles	(439,425)	(144,950)	116,724	(467,651)
Office equipment	(264,257)	(48,770)		(313,027)
Capital lease	(307)	(1,843)		(2,150)
Total accumulated depreciation	\$ (6,971,207)	\$ (545,044)	\$ 351,345	\$ (7,164,906)
 Total capital assets being depreciated, net	\$ 6,200,294	\$ 131,215	\$ (422,776)	\$ 5,908,733
Governmental activities capital assets, net	\$ 6,223,544	\$ 140,935	\$ (422,776)	\$ 5,941,703

Depreciation was charged to functions as follows:

General government	\$ 170,074
Public safety	110,327
Highways and streets	264,643
	\$ 545,044
	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 10: OPERATING/CAPITAL LEASES

The County has entered into several operating lease agreements for office copiers.

Commitments under operating (noncapitalized) lease agreements provide for minimum future rental payments as of September 30, 2003, as follows:

<u>Year Ending September 30</u>	
2004	\$ 3,269
2005	297

Total Minimum Rentals	\$ 3,566
	=====
Rental Expenditures in Fiscal Year 2003	\$ 3,865
	=====

During the fiscal year 2002, the County entered into a lease agreement with Fleetwood Financial Corp to acquire a dictaphone. Interest expense on this capital lease for the current year was \$659. Commitments under the capitalized lease agreement for the above equipment provide for minimum future lease payments as of September 30, 2003, as follows:

<u>Year Ending September 30</u>	
2004	6,344

Total Minimum Rentals	\$ 6,344
Less Interest	(659)

Present Value - Minimum Lease Payments	\$ 5,685
	=====

The effective interest rate on this capital lease is 10.75%.

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 11: NOTES PAYABLE

The 1.50% 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 are due in January and April of 2004 respectively. No interest in the current year was paid.

	Balance 10-01-02	Increases	Decreases	Balance 09-30-03
	-----	-----	-----	-----
Notes Payable	\$ -0-	\$ 110,000	\$ -0-	\$ 110,000

NOTE 12: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

Revenue Description	Fund	Deferred Amount
-----	-----	-----
Net Tax Revenue	General	\$ 199,072
Net Tax Revenue	Debt Service	6,071

Total Deferred Revenue		\$ 205,143
		=====

NOTE 13: 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 03 was \$74,550.

Debt service requirements are as follows:

Year Ended September 30	Principal	Interest	Total Requirements
-----	-----	-----	-----
2004	\$ 300,000	\$ 58,250	\$ 358,250
2005	300,000	46,900	346,900
2006	200,000	23,450	223,450
2007	200,000	11,800	211,800
	-----	-----	-----
Totals	\$1,000,000	\$ 140,400	\$ 1,140,400
	=====	=====	=====

LAMB COUNTY, TEXAS

Notes to Financial Statements
September 30, 2003

NOTE 13: LONG-TERM DEBT (continued)

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 10-01-02	Increase	Decrease	Balance 09-30-03	Amounts Due Within One Year
Bonds Payable	\$1,300,000	\$ -0-	\$ 300,000	\$1,000,000	\$ 300,000
Total Long-Term Liabilities	\$1,300,000	\$ -0-	\$ 300,000	\$1,000,000	\$ 300,000

NOTE 14: RESERVED FUND BALANCE

Reserved Fund Balance in the General Fund of \$87,144 is the amount set aside and reserved for Record Management. An analysis of these accounts is shown in Exhibit G-3.

NOTE 15: DECREASE IN FUND BALANCE

The decrease in fund balance is due to prior period adjustments and/or reclassifications as follows:

Savage Tolk Energy Service 2001 Tax Roll Refund	\$ 62,208
Revenue Reclassifications	17,794

	\$ 80,002

NOTE 16: 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 2003, 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, 2003

NOTE 17: 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 18. 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 19: 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, 2003

NOTE 20: 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 9.36% for the months of the accounting year in 2002, and 9.07% for the months of the accounting year in 2003. The contribution rate payable by the employee members for fiscal year 2003 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, 2003

NOTE 20: PENSION BENEFIT PLAN DESCRIPTION (continued)

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	12-31-00 -----	12-31-01 -----	12-31-02 -----
Actuarial Value of Assets	\$3,987,721	\$4,370,552	\$4,732,035
Actuarial Accrued Liability	\$4,915,645	\$5,316,338	\$5,747,948
Percentage Funded	81.12%	82.21%	82.33%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 927,924	\$ 945,786	\$1,015,913
Annual Covered Payroll	\$1,899,473	\$1,927,670	\$2,201,029
UAAL as a Percentage of Covered Payroll	48.85%	49.06%	46.16%
Net Pension Obligation (NPO) at The Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 177,601	\$ 179,081	\$ 206,016
Contributions Made	\$ 177,601	\$ 179,081	\$ 206,016
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 12-31-02 valuations are contained in the 2002 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 21: HEALTH CARE COVERAGE

During the year ended September 30, 2003, all full time employees were covered by a healthcare insurance plan. The County pays the total cost of premiums for the employee and dependents. However, if the dependents are employed and eligible for group health insurance at their place of employment, they will not be eligible under the County's Plan. 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, 2003

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, 2003

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. The Hospital is responsible for the indigent healthcare of the County. On August 1, 1991, the County purchased all of the assets and assumed of all the liabilities of the Lamb County Hospital Authority. This transaction includes the bonds described in Note 9, located on page 51. 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.

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Property, Plant, and Equipment - Property, plant, and equipment are carried at cost and include expenditures for improvements and betterments which substantially increase the useful lives of existing plant and equipment. Maintenance repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss is credited or charged to income. 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. Donated assets are recorded at fair market value on the date of donation.

The Hospital provides for depreciation of property, plant, and equipment 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 as follows:

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily and Permanently Restricted Fund Balance - Temporarily restricted fund balance are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted fund balance have been restricted by donors to be maintained by the Hospital in perpetuity.

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 unrestricted revenues.

Statement of Revenue and Expenses and Changes in Fund Balance - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Revenue is reported as gross revenue, less contractals and charity care.

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 fund transactions and that are recognized as operating revenue when received.

Federal Income Taxes - The Hospital is a governmental entity and, therefore, exempt from federal and state income taxes under the Internal Revenue Code. No expense has been provided for income taxes in the accompanying financial statements.

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.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 2: NET PATIENT SERVICE REVENUE (continued)

Net Patient Revenue is comprised as follows:

	2003
Routine Patient Services	\$ 883,795
Ancillary Patient Services	
Inpatient	3,668,672
Outpatient	5,391,457

Gross Patient Service Revenue	\$ 9,943,924
Charity	(88,946)
Contractual Adjustments and Discounts	(3,859,318)

Net Patient Service Revenue	\$ 5,995,660
	=====

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 \$67,044 due to prior-year retroactive adjustments in excess of amounts previously estimated. Estimated third-party payer settlements recorded in current assets at September 30, 2003 are \$24,962.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2003, the carrying amount of the Hospital's deposits with financial institutions was \$(764) and the bank balance was \$128,956. 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.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 4: MEDICAID DISPROPORTIONATE SHARE FUNDS

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

The focus of the funds is to benefit the health care needs of the medically indigent, including recipients of Medicaid benefits, those eligible for Medicaid benefits, the uninsured poor, and others for whom the cost of medical and hospital care has exceeded their ability to pay. However, state and federal law offer considerable flexibility to recipient hospitals regarding specific use of the funds. During 2003 the Hospital received \$433,775 in Medicaid disproportionate share funds.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at September 30:

	2003
Patient Accounts Receivable	\$ 3,608,394
Less: Allowance for Bad Debts	(1,917,932)
Allowance for Contractuals	(552,082)

Patient Accounts Receivable, Net of Allowance	\$ 1,138,380
	=====

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 5: ACCOUNTS RECEIVABLE (continued)

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

	2003
Medicare	28%
Medicaid	25%
Other Third-Party Payers	34%
Patients	13%
Total	100%

NOTE 6: PROPERTY, PLANT & EQUIPMENT

The following is a summary of property, plant and equipment at cost less accumulated depreciation:

	2003
Land and Land Improvements	\$ 61,822
Fixed Equipment	669,238
Major Moveable Equipment	1,488,234
Total Property, Plant and Equipment	\$ 2,219,314
Less: Accumulated Depreciation	(1,291,622)
Property, Plant and Equipment, Net	\$ 927,692

Depreciation expense for the year ended September 30, 2003 was \$214,265.

LAMB COUNTY, TEXAS

LAMB COUNTY HOSPITAL d/b/a
LAMB HEALTHCARE CENTER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 7: LONG-TERM DEBT

Long-Term debt is comprised of the following:

	2003

Notes Payable:	
Note payable to the Center for Rural Health Initiatives. This is a 37% pay back of a grant received to install the computer system. Payable in 24 monthly installments of \$1,422 each.	\$ -0-
Note payable to Triple X-Ray, interest rate 7.00%, payable in 24 monthly installments of \$4,534. Secured by CT System.	85,356

Total Long-Term Debt	\$ 85,356
Less: Current Portion	(50,018)

Long-Term Portion	\$ 35,338
	=====

The following is a schedule of the payments on long-term debt for each of the next five years:

	Note Payable

Year Ending September 30,	
2004	\$ 49,728
2005	35,628
2006	-0-
2007 & Thereafter	-0-

Total Payments	\$ 85,356
	=====

Interests costs incurred was \$8,033 in 2003, 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, 2003

NOTE 8: COMMITMENTS AND CONTINGENCIES

Litigation - The Hospital is from time-to-time subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Hospital's financial position or results of operations.

NOTE 9: 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 2003 the Hospital received \$1,202,833 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 2003 the Hospital made payments to Covenant in the amount of \$109,350.

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, 2003

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 4,655,132	\$ 4,655,132	\$ 4,828,511	\$ 173,379
Charges For Services	323,991	323,991	328,301	4,310
Fines and Fees	260,000	260,000	320,853	60,853
Vehicle Registration \$ Fees	564,000	564,000	593,906	29,906
Lateral Road	37,800	37,800	22,288	(15,512)
Grants	-0-	-0-	19,208	19,208
Interest on Investments	69,900	69,900	34,955	(34,945)
Miscellaneous	201,922	201,922	367,098	165,176
Total Revenues	\$ 6,112,745	\$ 6,112,745	\$ 6,515,120	\$ 402,375
Expenditures				
District Judge	\$ 196,961	\$ 196,961	\$ 124,906	\$ 72,055
District Clerk	127,366	127,366	119,102	8,264
County Judge	1,036,462	1,036,462	785,841	250,621
County Clerk	260,603	260,603	228,614	31,989
Tax Office	222,779	222,779	209,764	13,015
County Treasurer	182,329	182,329	205,310	(22,981)
County Attorney	155,720	155,720	138,372	17,348
Justice of Peace				
Precinct #1-4	204,706	204,706	180,131	24,575
County Veterans & Welfare	55,396	55,396	44,202	11,194
Adult Probation	3,395	3,395	676	2,719
Juvenile Probation	533,839	533,839	331,739	202,100
County Extension Office	146,177	146,177	121,244	24,933
County Sheriff	1,867,254	1,867,254	1,759,429	107,825
County Library	135,816	135,816	129,811	6,005
Road & Bridge Precinct #1-4	1,886,212	1,886,212	1,559,277	326,935
Jury	23,700	23,700	8,893	14,807
Grants Department	-0-	-0-	8,954	(8,954)
Total Expenditures	\$ 7,038,715	\$ 7,038,715	\$ 5,956,265	\$ 1,082,450
Excess (Deficiency) of Revenues Over Expenditures	\$ (925,970)	\$ (925,970)	\$ 558,855	\$ 1,484,825

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, 2003

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 5,553,032	\$ 5,553,032	\$ 5,766,076	\$ 213,044
Operating Transfers Out	(6,298,032)	(6,298,032)	(6,806,489)	(508,457)
Total Other Financing Sources (Uses)	\$ (745,000)	\$ (745,000)	\$ (1,040,413)	\$ (295,413)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Uses	\$ (1,670,970)	\$ (1,670,970)	\$ (481,558)	\$ 1,189,412
Fund Balance at Beginning of Year	1,025,703	1,025,703	1,025,703	-0-
Increase (Decrease) in Fund Balance	-0-	-0-	(80,002)	(80,002)
Fund Balance at End of Year	\$ (645,267)	\$ (645,267)	\$ 464,143	\$ 1,109,410

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

COMBINING STATEMENTS

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
September 30, 2003

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

Cash in Bank	\$ 93,141	\$ 117,500	\$ 23,548	\$ 234,189
Investments	118,464	338,842	11,320	468,626
Delinquent Tax Receivable	221,191			221,191
Allowance for Uncollectible Tax	(22,119)			(22,119)
Note Receivable	14,243			14,243
Due From Tax Office	3,615			3,615
Due From Other				-0-
	-----	-----	-----	-----
Total Assets	\$ 428,535	\$ 456,342	\$ 34,868	\$ 919,745
	=====	=====	=====	=====
Liabilities and Fund Balance				

Accounts Payable	\$ 42,129	\$ 13,264		\$ 55,393
Other Current Liabilities	20,947			20,947
Notes Payable		110,000		110,000
Deferred Revenue	199,072			199,072
Due to Other Funds	70,190			70,190
	-----	-----	-----	-----
Total Liabilities	\$ 332,338	\$ 123,264	\$ -0-	\$ 455,602
	-----	-----	-----	-----
Fund Balance - Reserved	\$ 87,144	\$	\$	\$ 87,144
Fund Balance - Unreserved	9,053	333,078	34,868	376,999
	-----	-----	-----	-----
Total Fund Balance	\$ 96,197	\$ 333,078	\$ 34,868	\$ 464,143
	-----	-----	-----	-----
Total Liabilities and Fund Balance	\$ 428,535	\$ 456,342	\$ 34,868	\$ 919,745
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL GENERAL FUND TYPES
 For Year Ended September 30, 2003

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

Taxes	\$4,011,363	\$ 800,296	\$ 16,852	\$4,828,511
Charges for Services	328,301			328,301
Fines and Fees	320,853			320,853
Vehicle Registration And Fees	47,054	546,852		593,906
Lateral Road		22,288		22,288
Grants	19,208			19,208
Interest on Investment	27,203	7,331	421	34,955
Miscellaneous	275,750	91,348		367,098
	-----	-----	-----	-----
Total Revenues	\$5,029,732	\$1,468,115	\$ 17,273	\$6,515,120
	-----	-----	-----	-----
Expenditures				

District Judge	\$ 124,906	\$	\$	\$ 124,906
District Clerk	119,102			119,102
County Judge	785,841			785,841
County Clerk	228,614			228,614
Tax Office	209,764			209,764
County Treasurer	205,310			205,310
County Attorney	138,372			138,372
Justice of Peace Precinct No. 1-4	180,131			180,131
County Veterans & Welfare	44,202			44,202
Adult Probation	676			676
Juvenile Probation	331,739			331,739
County Extension Office	121,244			121,244
County Sheriff	1,759,429			1,759,429
County Library	129,811			129,811
Road and Bridge Precinct No. 1-4		1,559,277		1,559,277
Jury			8,893	8,893
Grants Department	8,954			8,954
	-----	-----	-----	-----
Total Expenditures	\$4,388,095	\$1,559,277	\$ 8,893	\$5,956,265
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For Year Ended September 30, 2003

	General	Road and Bridge	Jury	Total
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures	\$ 641,637	\$ (91,162)	\$ 8,380	\$ 558,855
Other Financing Sources (Uses)				
Operating Transfers In	\$ 5,766,076	\$	\$	\$ 5,766,076
Operating Transfers Out	(6,806,489)			(6,806,489)
Total Other Financing Sources (Uses)	\$ (1,040,413)	\$ -0-	\$ -0-	\$ (1,040,413)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures And Other Uses	\$ (398,776)	\$ (91,162)	\$ 8,380	\$ (481,558)
Fund Balance at Beginning of Year	574,975	424,240	26,488	1,025,703
Increase (Decrease) in Fund Balance	(80,002)			(80,002)
Fund Balance at End of Year	\$ 96,197	\$ 333,078	\$ 34,868	\$ 464,143
	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING BALANCE SHEET
ROAD AND BRIDGE FUNDS
September 30, 2003

	Precinct One	Precinct Two	Precinct Three	Precinct Four	Total
	-----	-----	-----	-----	-----
ASSETS					
Cash	\$ 27,938	\$ 12,258	\$ 13,483	\$ 63,821	\$117,500
Investment - CD's (Note 1)	136,597	116,734	21,543	63,968	338,842
Due From Other					-0-
TOTAL ASSETS	\$164,535	\$128,992	\$ 35,026	\$127,789	\$456,342
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					
Accounts Payable	\$ -0-	\$ -0-	\$ 13,264	\$ -0-	\$ 13,264
Notes Payable			50,000	60,000	110,000
TOTAL LIABILITIES	\$ -0-	\$ -0-	\$ 63,264	\$ 60,000	\$123,264
Fund Balance (Deficit)	164,535	128,992	(28,238)	67,789	333,078
TOTAL LIABILITIES AND FUND BALANCE	\$164,535	\$128,992	\$ 35,026	\$127,789	\$456,342
	=====	=====	=====	=====	=====

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2003

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUE:							
Tax Collector:							
Ad Valorem Taxes	\$ 200,075	\$ 200,074	\$ 200,074	\$ 200,073	\$ 800,296	\$ 760,412	\$ 39,884
Car Tags	136,713	136,713	136,713	136,713	546,852	520,000	26,852
TOTAL TAX COLLECTOR	\$ 336,788	\$ 336,787	\$ 336,787	\$ 336,786	\$ 1,347,148	\$ 1,280,412	\$ 66,736
OTHER REVENUE:							
Machine Hire	\$	\$	\$	\$	\$ -0-	\$	\$ -0-
State - Lateral Road	5,572	5,572	5,572	5,572	22,288	37,800	(15,512)
Interest	2,557	2,348	787	1,639	7,331	16,000	(8,669)
Miscellaneous	49,732	7,997	11,931	21,688	91,348	32,000	59,348
TOTAL OTHER REVENUE	\$ 57,861	\$ 15,917	\$ 18,290	\$ 28,899	\$ 120,967	\$ 85,800	\$ 35,167
TOTAL REVENUE	\$ 394,649	\$ 352,704	\$ 355,077	\$ 365,685	\$ 1,468,115	\$ 1,366,212	\$ 101,903

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF EXPENDITURES-BUDGETED AND ACTUAL
ROAD AND BRIDGE FUNDS
For Year Ended September 30, 2003

	PRECINCT ONE	PRECINCT TWO	PRECINCT THREE	PRECINCT FOUR	TOTAL	BUDGETED EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES:</u>							
Salaries:							
Commissioners	\$ 31,930	\$ 31,930	\$ 30,992	\$ 31,930	\$ 126,782	\$ 127,720	\$ 938
Employees	85,139	100,618	100,985	100,620	387,362	402,848	15,486
Part-Time	16,259				16,259	36,000	19,741
Telephone	455	1,278	2,927	1,564	6,224	7,500	1,276
Postage					-0-	30	30
Stationary & Supplies					-0-	750	750
Furniture & Equipment	837	2,341			3,178	2,000	(1,178)
Travel	1,414	1,211	755	1,056	4,436	8,000	3,564
Education	300	300		250	850	1,200	350
Automobile Allowance			5,457		5,457	6,000	543
Group Insurance	40,265	40,924	45,767	46,018	172,974	177,392	4,418
Retirement	12,126	12,126	12,073	12,126	48,451	48,125	(326)
Social Security	10,180	10,132	9,897	10,105	40,314	40,586	272
Bonds		178		177	355	400	45
Machine Hire	249		8,000	6,229	14,478	26,300	11,822
Parts & Repairs	37,731	21,291	75,551	22,361	156,934	177,200	20,266
Fuel & Oil	32,131	39,927	21,878	32,008	125,944	113,000	(12,944)
Material & Supply	15,265	9,459	20,342	531	45,597	100,000	54,403
Utilities	3,484	943	1,863	1,091	7,381	10,500	3,119
Soil Conservation	750	750	750	750	3,000	3,000	-0-
Car Tags	228	229	228	228	913	800	(113)
Capital Outlay	81,100	77,489	63,481	84,526	306,596	449,661	143,065
Unemployment Insurance					-0-	4,000	4,000
Workmen's Comp.	4,898	5,080	5,080	5,080	20,138	19,200	(938)
Auto & Liability Insurance	5,021	4,634	4,855	4,594	19,104	30,000	10,896
Highway Maintenance		35,615	10,000		45,615	90,000	44,385
Contract Services	720			215	935	4,000	3,065
TOTAL EXPENDITURES	\$ 380,482	\$ 396,455	\$ 420,881	\$ 361,459	\$ 1,559,277	\$ 1,886,212	\$ 326,935

LAMB COUNTY, TEXAS
COMBINING STATEMENT OF CHANGE IN FUND BALANCES
ROAD AND BRIDGE FUNDS
September 30, 2003

	Precinct One -----	Precinct Two -----	Precinct Three -----	Precinct Four -----	Total -----
FUND BALANCE, September 30, 2002	\$150,368	\$172,743	\$ 37,566	\$ 63,563	\$ 424,240
ADD: Revenue	394,649	352,704	355,077	365,685	1,468,115
DEDUCT: Expenditures	(380,482)	(396,455)	(420,881)	(361,459)	(1,559,277)
FUND BALANCE (DEFICIT) September 30, 2003	\$164,535 =====	\$128,992 =====	\$ (28,238) =====	\$ 67,789 =====	\$ 333,078 =====

SUPPLEMENTAL INFORMATION

LAMB COUNTY, TEXAS
 SCHEDULE OF INVESTMENTS-ALL FUNDS
 SEPTEMBER 30, 2003

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

Texpool:		
General Fund	14002	\$ 116,812
Precinct One	14002	51,617
I.C.T.-Government Securities Portfolio Fund		
General Fund		1,652
Precinct One		84,980
Precinct Two		116,734
Precinct Three		21,543
Precinct Four		63,968
Jury Fund		11,320
Debt Service Fund		56,369

Total		\$ 524,995
		=====

LAMB COUNTY, TEXAS
SCHEDULE OF BONDS
 SEPTEMBER 30, 2003

DATE OF ISSUE	DESCRIPTION	INTEREST RATE	(TERMS) MATURITY SCHEDULE	FUND PAYABLE FROM	AMOUNTS OUTSTANDING 10-1-02	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR
09-15-97	CERTIFICATE OF OBLIGATION, SERIES 1997	4.50% TO 6.10%	10 YEARS	DEBT SERVICE FUND	\$ 1,300,000	\$ -0-	\$ 300,000

REQUIREMENTS

AMOUNTS OUTSTANDING 9-30-03	INTEREST CURRENT YEAR	REQUIREMENTS				10-1-05 TO MATURITY INTEREST
		YEAR ENDING 9-30-04		YEAR ENDING 9-30-05		
		PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
\$ 1,000,000	\$ 74,550	\$ 300,000	\$ 58,250	\$ 300,000	\$ 46,900	\$ 35,250

LAMB COUNTY, TEXAS
 SCHEDULE OF RECORD MANAGEMENT ACCOUNTS
 SEPTEMBER 30, 2003

	MANDATORY		RECORDS MANAGEMENT ACCOUNT
	RECORDS ACCOUNT	COURT SECURITY	
BALANCE 10-1-02	\$ 9,281	\$ 15,050	\$ 51,197
REVENUE			
County Clerk	\$ 2,684	\$ 1,291	\$ 16,751
District Clerk		921	1,218
Justice of the Peace		5,398	
Total Revenue	\$ 2,684	\$ 7,610	\$ 17,969
EXPENDITURES			
Mandatory Records Expense	\$ 4,800	\$	\$
Mandatory Court Records Expense			
Record Management Expense			11,847
Total Expenditures	\$ 4,800	\$ -0-	\$ 11,847
BALANCE 9-30-03	\$ 7,165	\$ 22,660	\$ 57,319

ROAD AND BRIDGE FIXED ASSETS

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
<u>Precinct #1</u>				
Shredder	\$ 400	\$	\$	\$ 400
Pneumatic Roller #7816	1,970			1,970
Snow Plow	150			150
Bed and Hoist	2,977			2,977
JD 4040 Tractor	24,360			24,360
Belshe T-2 3 Axle Pintle Hitch Trailer #4KOGOO (2-84)	3,898			3,898
SM60 Bush Hog 60 Mower (10-65)	4,245			4,245
JD 410B Backhoe SN723439 (9-86)	43,800			43,800
1989 Mack Dump Truck	47,000			47,000
1991 Chevy Pickup SN130341 (5-91)	13,805			13,805
Used Grid Roller (4-93)	12,500			12,500
Mack Truck (4-93)	7,500			7,500
Bottom Dump Trailer (4-93)	21,500			21,500
Ripper (9-93)	7,750			7,750
Crane 20 Ton (4-94)	7,000		7,000	-
1968 Mack Truck (10-94)	5,650			5,650
1980 Mack Truck (2-95)	15,500		15,500	-
1992 F250 Ford Pickup 2FTHF26 (1-96)	6,500		6,500	-
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
1985 Mack Truck (9-96)	7,800		7,800	-
Tandem Axle Unit (9-96)	900			900
Allis-Chalmers Tractor SN138 (5-97)	20,000		20,000	-
12' Utility Trailer (10-97)	900			900
938 G Caterpillar (9-98)	85,000			85,000
JD 770 Motor Grader (2-98)	98,500		98,500	-
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, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
<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
Total Equipment	\$ 977,080	\$ 129,529	\$ 155,300	\$ 951,309
Lots	900			900
Precinct Barn	7,016			7,016
Pct #1 Community Bldg	31,510			31,510
Fence Olton Barn (8-87)	2,600			2,600
Total Pct # 1	\$1,019,106	\$ 129,529	\$ 155,300	\$ 993,335

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
<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 1/4 Ton Pickup (4-94)	15,709			15,709
1979 Mack Truck (2-95)	9,500		9,500	-
Clements Belly Dump Truck SN 388807 (3-97)	12,500			12,500
Grid Roller (11-97)	14,000			14,000
140H Cat - #3634 (848)	117,500		117,500	-
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 #22K05067	109,000			109,000
2000 Ford F150 P/U #YKA850	21,290			21,290
2001 Motor Grader - # K06524 (958)	109,000			109,000
Hyster Grid Roller - #BEE - 2002 (1004)	13,250			13,250
Hyster Grid Roller		12,000		12,000
Caterpillar 140H Grader		115,083		115,083
1996 Mack Truck		20,000		20,000
 Total Equipment	 \$ 725,526	 \$ 147,083	 \$ 127,000	 \$ 745,609
Land	1,450			1,450
Barn	19,618			19,618
 Total Pct # 2	 \$ 746,594	 \$ 147,083	 \$ 127,000	 \$ 766,677

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
<u>precinct #3</u>	-----	-----	-----	-----
Welding Machine	\$ 306	\$	\$	\$ 306
Propane Tank	160			160
Magnetic Nail Picker	339			339
Wisconsin Trailer	1,800			1,800
Asphalt Pot on Trailer	4,000			4,000
Case Tractor 864180	10,750			10,750
Eversman Float	400			400
Pnematic Packer	500			500
1983 GMC Pickup SN501265	10,152		10,152	-0-
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 Timppte Belly Dump Trailer (5-88)	15,500			15,500
1981 Used Timppte 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
1997 Cat Model 140H SN22K02662 (9-97)	109,000		109,000	-0-
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, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
	-----	-----	-----	-----
<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	\$ 700,964	\$ 109,906	\$ 119,152	\$ 691,718
Iron Clad Barn	10,000			10,000
	-----	-----	-----	-----
Total Pct # 3	\$ 710,964	\$ 109,906	\$ 119,152	\$ 701,718
	-----	-----	-----	-----

LAMB COUNTY, TEXAS
STATEMENT OF FIXED ASSETS
September 30, 2003

	Balance 9-30-02	Additions	Deletions	Balance 9-30-03
<u>Precinct #4</u>				
1965 Wisconsin SN2297	\$ 1,544	\$	\$	\$ 1,544
Welder	149			149
Floor Jack	350			350
Magnetic Nail Picker	1,507			1,507
Snow Plow	1,250			1,250
Dump Bed	1,545			1,545
1961 Chevy Pickup 130017	3,600			3,600
1974 Mack Truck SN 22339 (9-84)	13,750			13,750
Hyster Grid Roller SN301600L (3-86)	16,500			16,500
1978 International Truck (7-86) SN HCA10890	4,800			4,800
1988 GMC Pickup SN575697 (4-88)	11,388			11,388
Rhino Rotary Cutter Shredder - SN 10117	6,500			6,500
1984 Mack Truck SN 087417 (3-91)	22,690			22,690
936E Wheel Loader 04SB02649	90,000			90,000
1980 Mack Truck (2-95)	14,500		14,500	-
1988 Cat Backhoe SN5PC06404	19,000			19,000
140H Caterpillar (4-98)	108,000		108,000	-
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 Version Mrt Grader #22K05095	109,000			109,000
2000 Midland MG40 Dump Trk #000734	22,500			22,500
2000 Midland MG40 Dump Trk #000733	22,500			22,500
Bush-Hog Model 12615 (961)	8,900			8,900
2000 Chev K1500 - #325712 (938)	27,851		27,851	-
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
 Total Equipment	 \$ 779,413	 \$ 142,126	 \$ 150,351	 \$ 771,188
Land	2,000			2,000
Barn	10,000			10,000
 Total Pct #4	 \$ 791,413	 \$ 142,126	 \$ 150,351	 \$ 783,188

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, 2003

	<u>Total</u>	<u>County Taxes</u>	<u>Motor Vehicle Tax</u>	<u>Vehicle Registration</u>	<u>Title Applications</u>
Receipts:					
Taxes and Fees Collected	\$10,269,145	\$8,283,607	\$1,101,965	\$ 838,634	\$ 44,939
	=====	=====	=====	=====	=====
Disbursements:					
County Treasurer-Taxes & Tags	\$ 5,831,717	\$5,270,868	\$	\$ 539,472	\$
County Treasurer-Fees	28,043	2,716		25,327	21,377
Water District	63,202	63,202			
Discounts	126,628	126,628			
Attorney Fees	63,694	63,694			
City Tax Collections	1,016,611	1,016,611			
School Tax Collections	1,739,888	1,739,888			
State Treasurer	1,051,451		1,050,804		647
VIT Escrow Account	51,161		51,161		
Texas Highway Department	292,267			269,635	22,632
Texas Agricultural Finance Authority	4,200			4,200	
Texas Park & Wildlife	283				283
	=====	=====	=====	=====	=====
Total Disbursements	\$10,269,145	\$8,283,607	\$1,101,965	\$ 838,634	\$ 44,939
	=====	=====	=====	=====	=====

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LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF MONTHLY REPORTS-AD VALOREM TAXES
For Year Ended September 30, 2003

Receipts

2002 Roll:
County/Hospital/Debt Service \$5,232,733
Penalty and Interest 16,590

Delinquent:
County/Hospital/Debt Service 111,219
Penalty and Interest 35,370

Other:
Water District 67,502
Attorney Fees 63,694
City Tax Collections 1,016,611
School Tax Collections 1,739,888

Total Receipts \$8,283,607
=====

Disbursements:

County Treasurer-Taxes & Tags \$5,270,868
County Treasurer-Fees 2,716
Water District 63,202
Discounts 126,628
Attorney Fees 63,694
City Tax Collections 1,016,611
School Tax Collections 1,739,888

Total Disbursements \$8,283,607
=====

Reconciliation With County Treasurer

FYE 9-30-03 Receipts Per County Treasurer \$5,269,988
Less: FYE 9-30-02 Receipts Received in FYE 9-30-03 (1,003)
Add: FYE 9-30-03 Receipts Received in FYE 9-30-04 4,599

Add: Disbursements Made By Tax Assessor-Collector

For Lamb County:

Water District	\$	63,202	
Discounts		126,628	
Attorney Fees		63,694	
City Tax Collections		1,016,611	
School Tax Collections		1,739,888	
		-----	3,010,023
		-----	-----

Ad Valorem Taxes Collected Per Monthly Reports \$8,283,607
=====

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, 2003

Receipts:		
Taxes Collected	\$1,101,965	=====
Disbursements:		
State Treasurer-Taxes	\$1,050,804	
VIT Escrow Account	51,161	-----
	\$1,101,965	=====
<u>Reconciliation of Escrow Account</u>		
Escrow Balance FYE 9-30-02	\$ 32,803	
Reports 10-1-02 to 12-31-02	16,316	-----
	\$ 49,119	
Disbursement to Tax Entities	49,119	-----
Balance	\$ -0-	
Reports 1-1-03 to 9-30-03	34,844	-----
Escrow Balance FYE 9-30-03	\$ 34,844	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF WEEKLY REPORTS-VEHICLE REGISTRATION
For Year Ended September 30, 2003

Receipts:		
Vehicle Registration	\$714,173	
County Road & Bridge Fund	120,261	
Young Farmer Endowment Program	4,200	

Total Receipts		\$838,634
		=====
Disbursements:		
County Treasurer Tags	* \$539,472	
County Treasurer Fees	* 25,327	
Texas Highway Department	269,635	
Texas Agricultural Finance Authority	4,200	

Total Disbursements		\$838,634
		=====
<u>Reconciliation With Treasurer</u>		
Receipts Per Treasurer FYE 9-30-03		\$572,667
Less: FYE 9-30-02 Receipts Received in FYE 9-30-03		(7,868)
Add: FYE 9-30-03 Receipts Received in FYE 9-30-04		-0-

Total County Fees and Tags FYE 9-30-03		\$564,799*
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SUMMARY OF DAILY REPORTS-TITLE APPLICATIONS/TAX CERTIFICATES
For Year Ended September 30, 2003

Receipts:	
Title Applications	\$ 37,082
Tax Certificates	7,176
Boat Motor Tax	681

	\$ 44,939
	=====
Disbursements:	
County Treasurer Fees	\$ 21,377
State Treasurer - Taxes	647
Texas Highway Department Fees	22,632
Texas Parks and Wildlife Department	283

	\$ 44,939
	=====
	<u>Reconciliation With Treasurer</u>
Receipts Per Treasurer FYE 9-30-03	\$ 21,237
Less: FYE 9-30-02 Receipts Received in FYE 9-30-03	(695)
Add: FYE 9-30-03 Receipts Received in FYE 9-30-04	835

Total County Fees FYE 9-30-03	\$ 21,377
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
2002 ROLL
For The Year Ended September 30, 2003

Roll	

Taxable Value	\$858,256,562 =====
Tax Levy	\$ 5,364,121
Collections	

October 1, 2002 thru June 30, 2003	5,232,733 -----
Balance June 30, 2003	\$ 131,388 =====

LAMB COUNTY, TEXAS
OFFICE OF THE TAX ASSESSOR-COLLECTOR
SCHEDULE OF PRORATION OF FUNDS FROM AD VALOREM TAXES
September 30, 2003

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

Total Tax Per \$100 Valuation	\$.6250	100.00
	=====	=====
Distribution as Follows:		
Jury Fund	\$.0020	00.32
General Fund	.3415	54.64
General Road & Bridge	.0950	15.20
Hospital	.1427	22.83
Debt Service Fund	.0438	07.01
	-----	-----
County Tax Rate	\$.6250	100.00
	=====	=====

LAMB COUNTY, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2003

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-02	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-03
1994 & Prior Years			\$ 18,194	\$	\$ 1,404	\$ (1,132)	\$ 15,658
1995	.3353	914,495,336	3,952		321	(147)	3,484
1996	.3659	903,674,387	4,512		527	(179)	3,806
1997	.3787	906,264,352	4,391		764	(183)	3,444
1998	.5837	892,281,680	10,674		1,962	(307)	8,405
1999	.5990	861,510,669	16,560		4,462	(296)	11,802
2000	.5879	885,400,600	26,913		9,094	(189)	17,630
2001	.5979	875,601,886	40,065		13,942	(198)	25,925
2002	.6141	854,763,998	87,060		45,442	(64)	41,554
2003 (Year Under Audit)	.6250	858,256,562		5,364,121	5,266,034	(1,858)	96,229
TOTALS			<u>\$ 212,321</u>	<u>\$ 5,364,121</u>	<u>\$ 5,343,952</u>	<u>\$ (4,553)</u>	<u>\$ 227,937</u>

ALLOCATION OF DELINQUENT TAX BALANCE

GENERAL FUND	\$ 221,191
DEBT SERVICE FUND	6,746
TOTAL	<u>\$ 227,937</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, 2003

Receipts:	
Recording Fees	\$ 26,052
Marriage License	1,925
Certified Copies	4,731
Xerox	4,046
Birth Certificates	4,642
Financing Statements	1,242
Probate and Civil	670
Criminal Cases	39,832
Interest	75
Tax Liens	1,131
Mandatory Court Security	273
Mandatory Records Management	2,684
County Clerk Records Management	13,065
Work Release	1,600
Family Trust Fund	380

Total Receipts	\$102,348

Disbursements:	
County Treasurer	\$107,866
Refunds and Other	1,856

Total Disbursements	\$109,722

Excess Receipts Over Disbursements	\$ (7,374)
Fund Balance 9-30-02	11,677

Fund Balance 9-30-03	\$ 4,303
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-COUNTY COURT FUND
For Year Ended September 30, 2003

Receipts:		
Court Cost Deposits	\$ 19,658	
Mandatory Court Security	532	
Mandatory Records Management	540	
Interest	144	

Total Receipts		\$ 20,874
Disbursements:		
Refund of Deposits	\$ 994	
Other Fees	287	
County Treasurer	23,562	

Total Disbursements		24,843

Excess Receipts Over Disbursements		\$ (3,969)
Fund Balance 9-30-02		12,644

Fund Balance 9-30-03		\$ 8,675
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CRIMINAL PARTIAL PAYMENT FUND
For Year Ended September 30, 2003

Receipts:		
Payments Received	\$106,575	
Mandatory Court Security	429	
Mandatory Records Management	2,787	

Total Receipts		\$109,791
Disbursements:		
County Treasurer	\$ 86,786	
Miscellaneous	19,320	

Total Disbursements		106,106

Excess Receipts Over Disbursements		\$ 3,685
Fund Balance 9-30-02		29,209

Fund Balance 9-30-03		\$ 32,894
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY CLERK
SCHEDULE OF RECEIPTS AND DISBURSEMENTS-CASH BOND FUND
For Year Ended September 30, 2003

	CRIMINAL	CIVIL
Receipts:		
Payments Received	\$ 6,000	\$ 600
Total Receipts	\$ 6,000	\$ 600
Disbursements:		
Applied to Court Costs	\$ 5,561	\$ -0-
Refunded	720	-0-
County Treasurer	-0-	-0-
Other	-0-	-0-
Total Disbursements	6,281	-0-
Excess Receipts Over Disbursements	\$ (281)	\$ 600
Fund Balance 9-30-02	17,765	8,985
Fund Balance 9-30-03	\$ 17,484	\$ 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, 2003

	<u>Civil</u>	<u>Criminal</u>
	-----	-----
Receipts:		
Felony Court Costs	\$	\$ 133
Fine		14,041
Clerk Filing Fees	17,136	1,501
Criminal Justice Plan		46
Crime Victims Fund		1,102
Sheriff Fees	10,119	2,397
Court Appointed Attorney	320	2,981
Probation Fees		28,757
Mandatory Court Security	971	144
Mandatory Records Management	1,171	284
Consolidated State Court		2,241
Law Library	3,347	
Passport Fees	1,110	
Certified Copies	20	
Steno Fees	2,484	
Indigent Fund	2,072	
State Fees	8,650	
Miscellaneous	2,731	1,343
Interest Income	43	176
	-----	-----
Total Receipts	\$ 50,174	\$ 55,146
	=====	=====
Disbursements:		
Lamb County Treasurer	\$ 40,780	\$ 26,152
154th Judicial Adult Probation Dept.		27,133
State Treasurer	8,570	
Less: FYE 9-30-02 Fees Paid in		
FYE 9-30-03: County Treasurer	(3,045)	(1,499)
State Treasurer	-0-	
Probation Dept.		(1,431)
Add: FYE 9-30-03 Fees Paid in		
FYE 9-30-04: County Treasurer	3,189	1,735
State Treasurer	680	
Probation Dept.		3,056
	-----	-----
Total Disbursements	\$ 50,174	\$ 55,146
	=====	=====

OFFICE OF THE COUNTY SHERIFF

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOREIGN FEE LEDGER
For Year Ended September 30, 2003

Receipts:

Foreign Fees	\$ 7,807	
Other	-0-	
	-----	\$ 7,807

Disbursements:

County Treasurer	\$ 7,807	
Other	-0-	
	-----	7,807

Excess Receipts Over Disbursements		\$ -0-
Fund Balance 9-30-02		-0-

Fund Balance 9-30-03		\$ -0-
		=====

Reconciliation with County Treasurer

Receipts Per Treasurer		\$ 4,482
Less: Receivable FYE 9-30-02		(220)
Add: Receivable FYE 9-30-03		3,545

Disbursements to Treasurer		\$ 7,807
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
DRUG PROGRAM ACCOUNT
For Year Ended September 30, 2003

Receipts:

Telephone Commission	\$ 15,528	
Other	50	

Total Receipts		\$15,578

Disbursements:

Drug Investigation	\$ 7,007	
Public Relations & Information	-0-	
Investigation Equipment	1,005	
Miscellaneous	427	
Other	8,176	

Total Disbursements		16,615

Excess Receipts Over Disbursements	\$ (1,037)
------------------------------------	------------

Cash Balance, 9-30-02	15,453

Cash Balance, 9-30-03	\$14,416
	=====

Summary:

Cash on Hand	\$ 1,686
Cash in Bank - SSB	12,730

Total	\$14,416
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED COMMISSARY ACCOUNT
For Year Ended September 30, 2003

Receipts:

Inmate Deposits	\$	-0-	
Other		-0-	

Total Receipts	\$		-0-

Disbursements:

Purchases	\$	-0-	
Inmate Accounts Closed		-0-	
Commissary		-0-	

Total Disbursements			-0-

Excess Receipts Over Disbursements	\$	-0-
------------------------------------	----	-----

Cash Balance, 9-30-02		874

Cash Balance, 9-30-03	\$	874
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
COMMISSARY ACCOUNT
For Year Ended September 30, 2003

Receipts:

Sales - Commissary Items	\$18,060	
Other	-0-	

Total Receipts		\$18,060

Disbursements:

Purchases	\$13,553	
Sales Tax	1,863	
Utilities	-0-	
Supplies	1,767	
Other	40	

Total Disbursements		17,223

Excess Receipts Over Disbursements \$ 837

Cash Balance, 9-30-02 12,820

Cash Balance, 9-30-03 \$13,657

=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PETTY CASH ACCOUNT
For Year Ended September 30, 2003

Receipts:

Reimbursements	\$ 11,160	
Other	-0-	

Total Receipts		\$11,160

Disbursements:

Travel	\$ 6,096	
Supplies	951	
School	-0-	
Meals	2,882	
Miscellaneous	1,380	
Other	775	

Total Disbursements		\$12,084

Excess Receipts Over Disbursements	\$ (924)
Cash Balance, 9-30-02	1,609

Cash Balance, 9-30-03	\$ 685
	=====

Summary:

Cash on Hand	\$ 300
Cash in Bank - SSB	385

Total	\$ 685
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PRISONER ACCOUNT
For Year Ended September 30, 2003

Receipts:

Inmate Deposits \$ 29,044

Disbursements:

Commissary Use & Refunds 31,260

Excess Receipts Over Disbursements \$ (2,216)

Cash Balance, 9-30-02 3,825

Cash Balance, 9-30-03 \$ 1,609
=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
UNCLAIMED PRISONER ACCOUNT
For Year Ended September 30, 2003

Receipts:

Transfers - Prisoner Account \$ 2,230

Disbursements:

Refunds 286

Excess Receipts Over Disbursements \$ 1,944

Cash Balance, 9-30-02 2,563

Cash Balance, 9-30-03 \$ 4,507
=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
EDUCATION ACCOUNT
For Year Ended September 30, 2003

Receipts:

State Revenue	\$ 1,374
Other	-0-

Disbursements:

Continuing Education Use	3,611

Excess Receipts Over Disbursements	\$ (2,237)
------------------------------------	------------

Cash Balance, 9-30-02	2,933

Cash Balance, 9-30-03	\$ 696
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FORFEITURE ACCOUNT
For Year Ended September 30, 2003

Receipts:	\$	655
Disbursements:		-0-

Excess Receipts Over Disbursements	\$	655
Cash Balance, 9-30-02		5,755

Cash Balance, 9-30-03	\$	6,410
		=====

LAMB COUNTY, TEXAS
OFFICE OF THE COUNTY SHERIFF
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
TOY FOR KIDS ACCOUNT
For Year Ended September 30, 2003

Receipts:	\$ 1,442
Disbursements:	1,150 -----
Excess Receipts Over Disbursements	\$ 292
Cash Balance, 9-30-02	196 -----
Cash Balance, 9-30-03	\$ 488 =====

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, 2003

Receipts:		
Fines	\$43,378	
Other	-0-	\$43,378

Disbursements:		
County Treasurer	\$43,429	
Fines Collected for Other Agency	470	
Other	-0-	43,899
	-----	-----
Excess Receipts Over Disbursements		\$ (521)
Fund Balance 9-30-02		132

Fund Balance 9-30-03		\$ (389)
		=====

Reconciliation With Treasurer

Receipts Per Treasurer		\$37,859
Less: FYE 9-30-02 Fees Received in FYE 9-30-03		(2,106)
Add: FYE 9-30-03 Fees Received in FYE 9-30-04		6,484
Add: Court House Security Fund		1,192

 Total Fines Collected for County Per Monthly Reports JP #1		 \$43,429 =====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 2
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2003

Receipts:		
Fines	\$ 8,033	
Redeposits	-0-	
Other	-0-	\$ 8,033

Disbursements:		
County Treasurer	\$ 8,936	
Returned Checks	-0-	
Other	-0-	8,936
	-----	-----
Excess Receipts Over Disbursements		\$ (903)
Fund Balance 9-30-02		896

Fund Balance 9-30-03		\$ (7)
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 7,847
Less: FYE 9-30-02 Fees Received in FYE 9-30-03	-0-
Add: FYE 9-30-03 Fees Received in FYE 9-30-04	872
Add: Court House Security Fund	217

Total Fines Collected for County Per Monthly Reports JP #2	\$ 8,936
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 3
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2003

Receipts:		
Fines and Restitution	\$250,029	
Redeposits and Fees	593	\$250,622

Disbursements:		
County Treasurer	\$247,180	
Fines Collected For Other Agency and Restitution	2,869	
Returned Checks	593	250,642
	-----	-----
Excess Receipts Over Disbursements		\$ (20)
Fund Balance 9-30-02		200

Fund Balance 9-30-03		\$ 180
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$240,291
Less: FYE 9-30-02 Fees Received in FYE 9-30-03	-0-
Add: FYE 9-30-03 Fees Received in FYE 9-30-04	2,456
Add: Court House Security Fund	4,433

Total Fines Collected for County Per Monthly Reports JP #3	\$247,180
	=====

LAMB COUNTY, TEXAS
OFFICE OF THE JUSTICE OF PEACE-PRECINCT NO. 4
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For Year Ended September 30, 2003

Receipts:		
Fines	\$ 44,862	
Redeposits	-0-	
Other	-0-	\$ 44,862

Disbursements:		
County Treasurer	\$ 44,310	
Fines Collected For Other Agency	10	
Other	8	44,328
	-----	-----
Excess Receipts Over Disbursements		\$ 534
Fund Balance 9-30-02		151

Fund Balance 9-30-03		\$ 685
		=====

Reconciliation With Treasurer

Receipts Per Treasurer	\$ 43,503
Less: FYE 9-30-02 Fees Received in FYE 9-30-03	(435)
Add: FYE 9-30-03 Fees Received in FYE 9-30-04	542
Add: Court House Security Fund	700

Total Fines Collected For County Per Monthly Reports JP #4	\$ 44,310
	=====

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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(806) 385-5181
FAX: (806) 385-5183

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

December 8, 2003

Independent Auditor's Report

Report on Compliance and on Internal Control over Financial Reporting 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 basic financial statements of Lamb County as of and for the year ended September 30, 2003, and have issued our report thereon dated December 8, 2003. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of
Financial Statements Performed In Accordance with Government Auditing Standards
Lamb County - December 8, 2003

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 basic financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the basic 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.

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, 2003

<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, 2003

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

None

C. Federal Award Findings and Questioned Costs

None

LAMB COUNTY, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2003

None