NEW ISSUE - Book-Entry-Only

OFFICIAL STATEMENT

Dated May 14, 2012

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "Other Information - Ratings" herein)

In the opinion of Bond Counsel under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE BONDS **ARE NOT** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$50,800,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2012

Dated Date: May 1, 2012 **Due: February 15, as shown below**

PAYMENT TERMS . . . Interest on the $50,800,000 Collin County, Texas Unlimited Tax Road and Refunding Bonds, Series 2012 (the "Unlimited Tax Bonds") will accrue from May 1, 2012 (the "Dated Date"), and will be payable February 15, 2013, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Unlimited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Unlimited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Unlimited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Unlimited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Unlimited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Unlimited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and a bond order adopted on May 14, 2012 by the Commissioners Court of the County authorizing the issuance of the Unlimited Tax Bonds (the "Unlimited Tax Bond Order"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, without legal limit as to rate or amount, as provided by the Unlimited Tax Bond Order (see "THE OBLIGATIONS – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects, (ii) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

MATURITY SCHEDULE **CUSIP Prefix: 194738 (1)**

Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)	Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 610,000	2013	2.000%	0.350%	8A1	$ 4,505,000	2023	5.000%	2.140% (2)	8L7
1,050,000	2014	4.000%	0.460%	8B9	4,720,000	2024	4.000%	2.530% (2)	8M5
1,095,000	2015	4.000%	0.570%	8C7	2,145,000	2025	4.000%	2.660% (2)	8N3
3,625,000	2016	4.000%	0.730%	8D5	1,785,000	2026	4.000%	2.760% (2)	8P8
1,185,000	2017	4.000%	0.980%	8E3	1,870,000	2027	5.000%	2.560% (2)	8Q6
3,015,000	2018	4.000%	1.170%	8F0	1,965,000	2028	5.000%	2.640% (2)	8R4
3,145,000	2019	5.000%	1.380%	8G8	2,065,000	2029	5.000%	2.720% (2)	8S2
2,800,000	2020	5.000%	1.610%	8H6	2,170,000	2030	5.000%	2.780% (2)	8T0
4,075,000	2021	5.000%	1.800%	8J2	2,285,000	2031	5.000%	2.830% (2)	8U7
4,290,000	2022	5.000%	1.980%	8K9	2,400,000	2032	5.000%	2.880% (2)	8V5

(Accrued interest from May 1, 2012 to be added)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. Neither the County nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.
(2) Yield shown is yield to first call date, February 15, 2022.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Unlimited Tax Bonds having stated maturities on and after February 15, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption).

SEPARATE ISSUES . . . The Unlimited Tax Bonds are being offered by the County concurrently with its Limited Tax Refunding and Improvement Bonds, Series 2012 (the "Limited Tax Bonds"), under a common Official Statement, and the Unlimited Tax Bonds and Limited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

LEGALITY . . . The Unlimited Tax Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP , Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Unlimited Tax Bonds will be available for delivery through The Depository Trust Company on June 14, 2012.

CITIGROUP **ESTRADA HINOJOSA & COMPANY, INC.**

STIFEL, NICOLAUS & COMPANY, INCORPORATED

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OFFICIAL STATEMENT

Dated May 14, 2012

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE BONDS **ARE NOT** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$20,735,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2012

Dated Date: May 1, 2012 **Due: February 15, as shown below**

PAYMENT TERMS . . . Interest on the $20,735,000 Collin County, Texas, Limited Tax Refunding and Improvement Bonds, Series 2012 (the "Limited Tax Bonds") will accrue from May 1, 2012 (the "Dated Date"), and will be payable February 15, 2013, and on each August 15 and February 15 thereafter until maturity or prior redemption. Interest on the Limited Tax Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Limited Tax Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Limited Tax Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Limited Tax Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Limited Tax Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Limited Tax Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207 and 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and a bond order adopted on May 14, 2012 by the Commissioners Court of the County authorizing the issuance of the Limited Tax Bonds (the "Limited Tax Bond Order" and together with the Unlimited Tax Bond Order, the "Orders"), and are direct obligations of Collin County, Texas (the "County"), payable from a continuing direct ad valorem tax levied on a taxable property within the County, within the limits prescribed law, as provided by the Limited Tax Bond Order (see "THE OBLIGATIONS – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds" and together with the Unlimited Tax Refunded Bonds the "Refunded Bonds") for debt service savings; and (iii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

MATURITY SCHEDULE **CUSIP Prefix: 194738 (1)**

Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)	Amount	Maturity	Interest Rate	Initial Yield	CUSIP Suffix (1)
$ 80,000	2013	2.00%	0.35%	7L8	$ 1,795,000	2020	4.00%	1.61%	7T1
115,000	2014	2.00%	0.47%	7M6	1,820,000	2021	4.00%	1.81%	7U8
120,000	2015	3.00%	0.58%	7N4	1,895,000	2022	4.00%	1.98%	7V6
570,000	2016	3.00%	0.74%	7P9	1,985,000	2023	5.00%	2.14% (2)	7W4
2,345,000	2017	4.00%	0.98%	7Q7	2,085,000	2024	5.00%	2.27% (2)	7X2
2,445,000	2018	4.00%	1.18%	7R5	1,485,000	2025	5.00%	2.39% (2)	7Y0
2,535,000	2019	4.00%	1.38%	7S3					

$1,460,000 3.25% TERM BONDS DUE FEBRUARY 15, 2032 PRICED TO YIELD 3.33% - CUSIP #1947387Z7(1)

(Accrued interest from May 1, 2012 to be added)

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(2) Yield shown is yield to first call date, February 15, 2022.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem Limited Tax Bonds having stated maturities on and after February 15, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption).

SEPARATE ISSUES . . . The Limited Tax Bonds are being offered by the County concurrently with its Unlimited Tax Road and Refunding Bonds, Series 2012 (the "Unlimited Tax Bonds"), under a common Official Statement, and the Limited Tax Bonds and Unlimited Tax Bonds are hereinafter sometimes referred to collectively as the "Bonds." The Limited Tax Bonds and the Unlimited Tax Bonds are separate and distinct securities offerings being issued and sold independently except for the Official Statement, and, while the Limited Tax Bonds and the Unlimited Tax Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

LEGALITY . . . The Limited Tax Bonds are offered for delivery when, as, and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP , Bond Counsel, Dallas, Texas (see Appendix C - "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters.

DELIVERY . . . It is expected that the Limited Tax Bonds will be available for delivery through The Depository Trust Company on June 14, 2012.

CITIGROUP **ESTRADA HINOJOSA & COMPANY, INC.**

STIFEL, NICOLAUS & COMPANY, INCORPORATED

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This Official Statement, which includes the cover page, the Schedule and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the County and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the County's undertaking to provide certain information on a continuing basis.

The agreements of the County and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NEITHER THE COUNTY, ITS FINANCIAL ADVISOR, NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ***INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.***

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The cover page hereof, this page, the schedule, the appendices included herein and any addenda, supplement, or amendment hereto are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE COUNTY .... The County is a body politic and political subdivision of the State, located in northeast Texas and is a component of the Dallas-Fort Worth Metroplex. The County covers approximately 836 square miles. The City of McKinney is the County Seat.

THE UNLIMITED TAX BONDS....... The Unlimited Tax Bonds are issued as $50,800,000 Unlimited Tax Road and Refunding Bonds, Series 2012 (the "Unlimited Tax Bonds"). The Unlimited Tax Bonds mature serially on February 15 in each of the years 2013 through 2032 (see "The Bonds - Description of the Bonds").

THE LIMITED TAX BONDS .... The Limited Tax Bonds are issued as $20,735,000 Limited Tax Refunding and Improvement Bonds, Series 2012 (the "Limited Tax Bonds"). The Limited Tax Bonds mature serially on February 15 in each of the years 2013 through 2025 and as Term Bonds maturing on February 15, 2032 (see "The Bonds - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Unlimited Tax Bonds and Limited Tax Bonds (collectively, the "Bonds") will accrue from May 1, 2012, and is payable February 15, 2013, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

AUTHORITY FOR ISSUANCE.......... The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order adopted by the Commissioners Court of the County (see "THE OBLIGATIONS - Authority for Issuance").

The Limited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapters 1207 and 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007, and the Limited Tax Bond Order adopted by the Commissioners Court of the County (see "THE OBLIGATIONS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Unlimited Tax Bonds").

The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "The Bonds - Security and Source of Payment-Limited Tax Bonds").

REDEMPTION .... The County reserves the right, at its option, to redeem Bonds of either series, having stated maturities on and after February 15, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption") Source of Payment-Unlimited Tax Bonds").

The Limited Tax Bonds are subject to mandatory sinking fund redemption on February 15 in each of the years 2026 through 2031 (see "The Bonds" – Mandatory Redemption").

TAX EXEMPTION........................... In the opinion of Bond Counsel, under existing law, the interest on the Bonds will be excludable from gross income for federal income tax purposes and the Bonds are not private activity bonds. See "Tax Matters - Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

USE OF PROCEEDS .... Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects, (ii) refund a portion of the County's outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refund a portion of the County's outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds" and together with the Unlimited Tax Refunded Bonds the "Refunded Bonds") for debt service savings; and (iii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

RATINGS .... The Bonds and the presently outstanding tax supported debt of the County are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") without regard to third-party credit enhancement (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM...... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

PAYMENT RECORD .... The County has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated County Population	Taxable Assessed Valuation (1)	Per Capita Taxable Assessed Valuation	Funded Tax Debt	Per Capita Funded Tax Debt	Ratio Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2008	740,000	$ 68,635,438,320	$ 92,751	$ 389,985,000	$ 527	0.57%	102.17%
2009	748,050	71,819,163,811	96,009	409,395,000	547	0.57%	101.51%
2010	782,341	72,388,951,258	92,529	383,805,000	491	0.53%	102.79%
2011	801,865	71,277,687,478	88,890	347,725,000	434	0.49%	101.05%
2012	804,390	72,462,518,559	90,084	393,210,000 (2)	489	0.54%	98.18% (3)

(1) As reported by the Collin Central Appraisal District on the County's annual State Property Tax Reports; subject to change during the ensuing year.
(2) Projected; includes all limited tax and unlimited tax debt of the County and the Bonds. Excludes the Refunded Bonds.
(3) Collections through February 1, 2012.

COUNTY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

Commissioners Court	Term Expires
Keith Self County Judge	12/31/2014
Matt Shaheen Commissioner, Precinct No. 1	12/31/2012
Cheryl Williams Commissioner, Precinct No. 2	12/31/2014
Joe Jaynes Commissioner, Precinct No. 3	12/31/2012
Duncan Webb Commissioner, Precinct No. 4	12/31/2014

OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Term Expires
Bill Bilyeu	County Administrator	Appointed by Commissioners Court
Jeff May	County Auditor	Appointed by District Judges
Monika Arris	Budget Director	Appointed by Commissioners Court
Stacey Kemp	County Clerk	12/31/2014
Kenneth L. Maun	Tax Assessor-Collector	12/31/2012

CONSULTANTS AND ADVISORS

Certified Public Accountants .... Pattilla, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel .... Bracewell & Giuliani LLP
Dallas, Texas

Financial Advisor .... First Southwest Company
Fort Worth, Texas

For additional information regarding the County, please contact:

Monika Arris Budget Director Collin County 2300 Bloomdale Rd., Suite 4100 McKinney, Texas 75071 (972) 548-4603	or	Jeff May County Auditor Collin County 2300 Bloomdale Rd., Suite 3100 McKinney, Texas 75071 (972) 548-4640	or	David K. Medanich Nick Bulaich First Southwest Company 777 Main Street, Suite 1200 Fort Worth, Texas 76102 (817) 332-9710

OFFICIAL STATEMENT

RELATING TO

$50,800,000 UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2012	**$20,735,000 LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2012**

INTRODUCTION

This Official Statement, which includes the Appendices and Schedule I hereto, provides certain information regarding the issuance of $50,800,000 Unlimited Tax Road and Refunding Bonds, Series 2012 (the "Unlimited Tax Bonds") and $20,735,000 Limited Tax Refunding and Improvement Bonds, Series 2012 (the "Limited Tax Bonds" and, together with the Unlimited Tax Bonds, the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the separate Unlimited Tax Bond Order and the Limited Tax Bond Order (collectively, the "Orders") to be adopted by the Commissioners Court of Collin County (the "County") on May 14, 2012 which will authorize the issuance of the Bonds.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "FORWARD-LOOKING STATEMENTS").

There follow in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, First Southwest Company, Dallas, Texas.

DESCRIPTION OF THE COUNTY . . . The County was organized in 1846. The County operates as specified under the Constitution and statutes of the State of Texas and is governed by a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four Commissioners' Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other major County elected officers include the County Clerk and County Tax Assessor/Collector. The County Auditor is appointed for a term of two years by, and serves at the will of, the District Judges whose courts are located in the County. For additional demographic information describing the County, see Appendix A hereto.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Unlimited Tax Bonds will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in aid thereof, throughout the County, including participation in joint city-county projects, (ii) refund a portion of the County’s outstanding unlimited tax debt described in Schedule I (the "Unlimited Tax Refunded Bonds" and together with the Limited Tax Refunded Bonds, the "Refunded Bonds") for debt service savings; and (iii) pay costs of issuance associated with the sale of the Unlimited Tax Bonds.

Proceeds from the sale of the Limited Tax Bonds will be used for (i) acquiring and improving land for park and open space purposes, including joint city-county projects, (ii) refund a portion of the County’s outstanding limited tax debt described in Schedule I (the "Limited Tax Refunded Bonds" and together with the Unlimited Tax Refunded Bonds the "Refunded Bonds") for debt service savings; and (iii) pay the costs of issuance associated with the sale of the Limited Tax Bonds.

REFUNDED BONDS . . . The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates for the Limited Tax Refunded Bonds and Unlimited Tax Refunded bonds as shown on Schedule I hereto, from funds to be deposited pursuant to separate Escrow Agreements between the County and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the "Escrow Agent"). The Orders each will provide that a portion of the proceeds from the sale of the Limited Tax Bonds and the Unlimited Tax Bonds, respectively, in amounts sufficient to accomplish the discharge and final payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, respectively, will be deposited with the Escrow Agent pursuant to the Escrow Agreements for deposit to special escrow funds (the "Limited Tax Escrow Fund" and the "Unlimited Tax Escrow Fund" and together, the "Escrow Funds") established under the Escrow Agreements for the payment of the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds. Amounts on deposit in the Escrow Funds will be used to purchase obligations authorized by Chapter 1207, Texas Government Code, as amended (the "Securities"). Under the Escrow Agreements, the Escrow Funds are irrevocably pledged to the payment of the principal and interest on the Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Limited Tax Bonds and the Unlimited Tax Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the respective Escrow Funds will be sufficient to pay, when due, the principal of and interest on the Limited Tax Refunded Bonds and the Unlimited Tax Refunded Bonds, respectively. **Maturing principal of and interest on the Securities in the Limited Tax Escrow Fund will not be available to pay the Unlimited Tax Refunded Bonds. Maturing principal of and interest on the Securities in the Unlimited Tax Escrow Fund will not be available to pay the Limited Tax Refunded Bonds.** (see "OTHER INFORMATION – Verification of Arithmetical and Mathematical Computations").

By the deposit of the Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the County will have effected the defeasance of all of the Refunded Bonds in accordance with applicable law and the respective orders authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that as a result of such defeasance, and in reliance upon the report of Grant Thornton LLP, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and the Refunded Bonds will not be deemed as being outstanding obligations of the County payable from ad valorem taxes nor for the purpose of applying any limitation on the issuance of debt.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds and contributions from the County, if any, will be applied approximately as follows:

	Unlimited Tax Bonds	Limited Tax Bonds
Sources of Funds		
Par Amount of Bonds	$ 50,800,000.00	$ 20,735,000.00
Reoffering Premium	9,379,051.85	3,459,054.45
Accrued Interest	278,962.50	103,104.44
Transfer from Prior Issue Debt Service Funds	497,000.00	443,065.63
Total Sources of Funds	$ 60,955,014.35	$ 24,740,224.52
Uses of Funds		
Deposit to Escrow Fund	$ 23,653,550.95	$ 20,879,849.37
Deposit to Debt Service Fund	278,962.50	$ 103,104.44
Deposit to Construction Fund	36,500,000.00	3,500,000.00
Costs of Issuance [(1)]	522,500.90	257,270.71
Total Uses of Funds	$ 60,955,014.35	$ 24,740,224.52

(1) Includes the Underwriters' Discount and, in the case of the Limited Tax Bonds, Original issue discount.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 1, 2012 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from the Dated Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment by such participating members to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "The Bonds - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Unlimited Tax Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article III, Section 52 of the Texas Constitution, as amended, Chapters 1207 and 1471, Texas Government Code, as amended, a County-wide election held on November 6, 2007, and the Unlimited Tax Bond Order adopted by the Commissioners Court of the County

The Limited Tax Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207 and 1473, Texas Government Code, as amended and Chapters 292 and 331, Texas Local Government Code, as amended, a County-wide election held on November 6, 2007 and the Limited Tax Bond Order adopted by the Commissioners Court of the County.

SECURITY AND SOURCES OF PAYMENT . . .

Limited Tax Bonds . . . The Limited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the County as provided in the Limited Tax Bond Order. The Limited Tax Bonds are payable from the County's $0.80 constitutional tax rate limit see "Tax Rate Limitations – General Operations: Bonds, Time Warrants, Certificate of Obligation, and Contractual Obligations" below.

Unlimited Tax Bonds . . . The Unlimited Tax Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, without legal limit as to rate or amount, on all taxable property in the County, as provided in the Unlimited Tax Bond Order.

TAX RATE LIMITATIONS . . . The Texas Constitution provides various taxing authority for counties, as described below. For information relating to the constitutionally authorized taxes that the County currently levies, see "Tax Information - Table 5 - Tax Rate Distribution Analysis."

General Operations; Limited Tax Bonds, Tax Notes, Time Warrants, Tax Notes and Contractual Obligations…Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 of assessed valuation for general fund, Improvement fund, road and bridge fund, and jury fund purposes, including debt service of bonds, warrants, tax notes and certificates of obligation issued against such funds. Chapter 1301, Texas Government Code, as amended, limits the amount of limited tax bonds that may be issued for road and bridge purposes to 1 1/2 percent of the taxable assessed valuation of a county. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional $0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness. The Limited Tax Bonds will be payable from the levy and collection of this tax.

Road Bonds…An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property.

Road Maintenance (Special Road and Bridge Tax)…Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.15 on the $100 valuation of property provided by Section 9, Article VIII, Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service. **The voters of the County have approved the adoption of the additional county road tax**.

Farm-to-Market Roads or Flood Control…Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.30 on the $100 assessed valuation, after exemption of homesteads up to $3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. **The voters of the County have not approved the adoption of the additional county farm-to-market and/or flood control tax**.

See "Table 1 - Valuations, Exemptions and Tax-Supported General Obligation Bond Debt" herein for a description of the amount of the County's debt that is secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution, and amount of debt secured by the limited tax authorized by Article VII, Section 9 of the Texas Constitution. Also, see "Table 11-Authorized But Unissued Bonds" herein for a description of the County's remaining voted and unissued bond authorization relating to each of such unlimited and limited constitutional taxing authorizations.

OPTIONAL REDEMPTION . . . The County reserves the right, at its option, to redeem the Bonds of either series having stated maturities on and after February 15, 2023 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds, as the case may be, to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds, as the case may be, are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

MANDATORY REDEMPTION . . . The Limited Tax Bonds maturing on February 15, 2032 (the "Term Bonds") are subject to mandatory sinking fund redemption in the following amounts (subject to reduction as hereinafter provided), on the following dates, in each case at a redemption price equal to the principal amount of the Bonds or the portions thereof so called for redemption plus accrued interest to the date fixed for redemption, and without premium:

Redemption Date	Principal Amount
February 15, 2026	$ 190,000
February 15, 2027	195,000
February 15, 2028	200,000
February 15, 2029	210,000
February 15, 2030	215,000
February 15, 2031	220,000
February 15, 2032*	230,000

* Maturity.

The particular Term Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary random selection method. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have been optionally redeemed and which have not been made the basis for a previous reduction.

The principal amount of the Term Bonds of a maturity to be redeemed on each mandatory redemption date may be reduced, at the option of the County, by the principal amount of the Term Bonds of such maturity which, at least 45 days prior to the mandatory redemption date, (1) shall have been acquired by the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

DEFEASANCE . . . The Orders provide that the County may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Bonds to maturity or redemption or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds, as the case may be.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of Bonds have been made as described above, all rights of the County take any action amending the terms of such Bonds are extinguished; provided, however, that the right to call such Bonds for redemption is not extinguished.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Orders do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds) or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds of each series will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participant and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County, the Financial Advisor or the Underwriters .

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM. In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Orders and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Orders, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . If the County defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Orders, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Orders and the County's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Orders do not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the County to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenant set forth in the Orders. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. In addition, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the County is the responsibility of the Collin Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison method of appraisal. The chief appraiser selects the most appropriate method. Effective January 1, 2010, State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value in the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Texas Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and other State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse.

If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded. The County has authorized the tax freeze on homesteads of taxpayers 65 years of age or older. For additional information, see "Ad Valorem Tax Information - County Application of Tax Code" and "Table 1 – Valuation, Exemptions and General Obligation Bond Debt."

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing, or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n provides for an exemption from ad valorem taxation for "goods-in-transit", which are defined as personal property (i) acquired or imported into Texas and transported to another location in the State or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods and (iii) transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislature Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 2011 to provide for the taxation of the goods-in-transit. After holding the public hearing, the taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011, to tax goods-in-transit and pledged the taxes imposed on goods-in-transit until the debt is discharged, the tax remains effective if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Under authority of Chapter 311, Texas Tax Code, as amended, a county or a city may create one or more tax increment reinvestment zones ("TIRZ") within the County and freeze the taxable values of property in the TIRZ at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIRZ, including the County, may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIRZ in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIRZ. Taxes levied by the County against the values of real property a TIRZ, in which the County participates, in excess of the "frozen" value are not available for general County use but are restricted to paying or financing "project costs" within the TIRZ.

The County also may enter into tax abatement agreements to encourage economic development. Under tax abatement agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The tax abatement agreement could last for a period of up to ten years.

The County is authorized, pursuant to Chapter 381, Texas Local Government Code, as amended ("Chapter 381"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the County. In accordance with a program established pursuant to Chapter 381, the County may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the County. The County may contract with the federal government, the State of Texas, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . The Commissioners Court will be required to adopt the annual tax rate per $100 taxable value for the County before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the County. If the Commissioners Court does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the County for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Furthermore, the Property Tax Code provides the Commissioners Court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the County's website if the County owns, operates or controls an Internet website and public notice be given by television if the County has free access to a television channel) and the

Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Texas Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Texas Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on January 31 of each year and the final installment due on July 31.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge (the County currently asses a 15% charge for legal costs incurred collecting delinquent taxes). Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TEXAS TAX CODE . . . The County grants a $30,000 exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The County has granted the local-option additional exemption of 5% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County has adopted the tax freeze on residence homesteads of disabled persons and persons over 65 which was implemented in the 2004 tax year. As a result of the adoption of the freeze, total County taxes on the residence homestead of a disabled person or persons 65 years of age or older residing in the County are at the level of taxes billed for the County's 2004-05 fiscal year, or to the amount of taxes imposed in the year such residence qualified for such exemption. In order to qualify for the exemption, a taxpayer must make application to the Appraisal District. The County has not made a comprehensive study regarding the impact that the freeze has had or will have on the taxable assessed value of the County in future years, but as the population of the County ages, the freeze is expected to have a greater impact on the County's ad valorem tax revenues.

The County does not tax nonbusiness personal property, and the County collects its own taxes.

The County does not permit split payments of taxes or discounts for early payment of taxes, although State law permits such measures on a local-option basis.

The County has exempted freeport property from taxation.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The County does tax "goods-in-transit".

The Commissioners Court has adopted a tax abatement policy that reflects the options available under Chapter 312 of the Texas Tax Code ("Chapter 312"). In general, the County requires municipalities that propose County participation in abatement agreements to initiate the application and review process and to make compliance reports to the County. Most County tax abatements extend for the full ten year term permitted by Chapter 312 and include abatements of ad valorem taxes on 50% of qualifying properties, although the County has negotiated for greater or lesser amounts of tax abatement, depending upon the extent of economic development offered by an abatement applicant.

The County also participates in eight TIRZs, one each with the Cities of Allen, Frisco, Lavon, Plano, Prosper and Melissa and two with the City of McKinney. The County has not created a TIRZ.

TABLE 1 - VALUATION, EXEMPTIONS, AND GENERAL OBLIGATION BOND DEBT

2011/12 Market Valuation Established by the Collin Central Appraisal District (excluding totally exempt property)		$ 83,768,843,616
Less Exemptions/Reductions at 100% Market Value:		
Over 65 and Disabled	$ 934,632,405	
Disabled Veterans Exemptions	106,713,694	
Charitable Organizations	26,902,535	
Tax Abatements	1,248,745,220	
Homestead Exemption	2,041,611,545	
Freeport Exemption	620,964,237	
Pollution Control Property	32,180,877	
Historical Exemption	26,429,862	
Prorated Exempt Property	12,777,299	
Homestead Cap Adjustment	30,082,636	
Limited Income Housing	1,484,217	
Agricultural Productivity, Open Space Land Use Reductions	6,222,138,166	
Other	1,662,364	11,306,325,057
2011/12 Taxable Assessed Valuation		$ 72,462,518,559
County Funded Debt Payable from Ad Valorem Taxes (as of 4-1-12)		
Limited Tax Debt (1)	$ 118,730,000	
Unlimited Tax Debt (2)	202,945,000	
The Unlimited Tax Bonds	50,800,000	
The Limited Tax Bonds	20,735,000	
Funded Debt Payable from Ad Valorem Taxes		$ 393,210,000
Interest and Sinking Fund (as of 4-1-12)		$ 13,636,713
Ratio General Obligation Debt to Taxable Assessed Valuation		0.54%

2012 Estimated Population - 804,390

Per Capita Taxable Assessed Valuation - $90,084

Per Capita Funded Debt Payable from Ad Valorem Taxes - $489

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(1) Excludes the Limited Tax Refunded Bonds.

(2) Excludes the Unlimited Tax Refunded Bonds

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2012		2011		2010	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 47,803,044,461	57.07%	$ 47,129,255,659	55.09%	$ 47,023,799,761	55.92%
Real, Residential, Multi-Family	4,462,205,042	5.33%	4,359,373,394	5.26%	4,418,373,249	5.25%
Real, Vacant Lots/Tracts	892,928,396	1.07%	903,532,169	1.15%	897,382,927	1.07%
Real, Acreage (Land Only)	7,090,704,021	8.46%	7,415,809,201	10.42%	7,982,962,832	9.49%
Real, Farm and Ranch Improvements	817,548,827	0.98%	833,309,201	1.00%	826,660,638	0.98%
Real, Commercial and Industrial	15,198,818,038	18.14%	14,844,885,029	17.73%	15,448,987,640	18.37%
Real and Intangible Personal, Utilities	1,128,257,894	1.35%	1,174,373,653	1.36%	1,099,988,202	1.31%
Tangible Personal, Business	5,485,905,795	6.55%	5,146,374,881	6.06%	5,161,195,686	6.14%
Tangible Personal, Other	40,668,941	0.05%	42,760,159	0.05%	45,207,373	0.05%
Inventory	681,181,171	0.81%	755,930,021	1.88%	1,013,621,038	1.21%
Special Inventory Tax	167,581,030	0.20%	146,010,145	0.00%	167,718,060	0.20%
Total Appraised Value Before Exemptions	$ 83,768,843,616	100.00%	$ 82,751,613,512	100.00%	$ 84,085,897,406	100.00%
Less: Total Exemption/Reductions	(11,306,325,057)		(11,473,926,034)		(11,696,946,148)	
Taxable Assessed Value	$ 72,462,518,559		$ 71,277,687,478		$ 72,388,951,258	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2009		2008	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 46,258,543,676	55.09%	$ 43,676,579,984	55.81%
Real, Residential, Multi-Family	4,414,102,159	5.26%	3,914,013,823	5.00%
Real, Vacant Lots/Tracts	961,953,962	1.15%	894,168,805	1.14%
Real, Acreage (Land Only)	8,749,195,627	10.42%	8,155,152,797	10.42%
Real, Farm and Ranch Improvements	839,821,464	1.00%	789,958,110	1.01%
Real, Commercial and Industrial	14,890,198,384	17.73%	13,331,661,532	17.03%
Real and Intangible Personal, Utilities	1,138,977,111	1.36%	1,131,689,801	1.45%
Tangible Personal, Business	5,091,154,776	6.06%	4,495,127,180	5.74%
Tangible Personal, Other	44,839,724	0.05%	48,908,878	0.06%
Inventory	1,577,903,038	1.88%	1,827,071,513	2.33%
Special Inventory Tax	-		-	0.00%
Total Appraised Value Before Exemptions	$ 83,966,689,921	100.00%	$ 78,264,332,423	100.00%
Less: Total Exemptions/Reductions	(12,147,526,110)		(9,628,894,103)	
Taxable Assessed Value	$ 71,819,163,811		$ 68,635,438,320	

NOTE: Valuations shown are certified taxable assessed values reported by the Collin Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL BOND DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population		Taxable Assessed Valuation [1]	Taxable Assessed Valuation Per Capita	Net Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2008	740,000	[2]	$ 68,635,438,320	$ 92,751	$ 389,985,000	0.57%	$ 527
2009	748,050	[2]	71,819,163,811	96,009	409,395,000	0.57%	547
2010	782,341	[3]	72,388,951,258	92,529	383,805,000	0.53%	491
2011	801,865	[2]	71,277,687,478	88,890	347,725,000	0.49%	434
2012	804,390	[2]	72,462,518,559	90,084	393,210,000 [4]	0.54%	489

(1) As reported by the Collin Central Appraisal District on the County's annual State Property Tax Reports; subject to change during the ensuing year.
(2) Source: County Officials
(3) Source: U.S. Census Bureau
(4) Projected; includes the Bonds. Excludes the Refunded Bonds.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2008	$ 0.24500	$ 0.191640	$ 0.053360	$ 168,156,824	100.66%	102.17%
2009	0.24250	0.184260	0.058240	174,161,472	100.06%	101.51%
2010	0.24250	0.187080	0.055420	175,543,207	101.04%	102.79%
2011	0.24000	0.184580	0.055420	170,749,824	100.27%	101.05%
2012	0.24000	0.176046	0.063954	170,204,902	97.47% [1]	98.18% [1]

(1) Collections through February 15, 2012.

TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
Limited Constitutional Taxes [1]	2011	2010	2009	2008	2007
Operating Fund	$ 0.176046	$ 0.1846	$ 0.1871	$ 0.1843	$ 0.1916
Limited Tax Debt Service Fund	0.026190	0.0197	0.0198	0.0216	0.0202
Total Constitutional Tax Rate	$ 0.202236	$ 0.2043	$ 0.2069	$ 0.2058	$ 0.2118
Unlimited Constitutional Taxes [2]					
Road Maintenance	$ 0.00000	$ 0.0000	$ 0.0000	$ 0.0000	$ 0.0000
Farm-to-Market and Lateral Road	0.00000	0.0000	0.0000	0.0000	0.0000
Unlimited Tax Debt Service Fund	0.03776	0.0357	0.0356	0.0367	0.0332
Total Tax Rate	$ 0.24000	$ 0.2400	$ 0.2425	$ 0.2425	$ 0.2450

(1) Taxes levied pursuant to Article XIII, Section 9 of the Texas Constitution, limited to $0.80 per $100 of taxable assessed valuation for general operations and limited tax debt.
(2) To support debt issued pursuant to Article III, Section 52 of the Texas Constitution.

TABLE 6 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2011/12 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	$ 451,374,380	0.62%
Bank of America NA	228,758,709	0.32%
Stonebriar Mall Ltd. Partnership	226,514,276	0.31%
Cisco Systems Inc	212,279,094	0.29%
J.C. Penney Company	159,971,610	0.22%
Legacy Campus LP	148,990,000	0.21%
Village at Allen LP	139,937,198	0.19%
EMC Corp	126,362,835	0.17%
Coventry II DDR/Tradmark Montgomery Farm	121,100,000	0.17%
BPR Shopping Center LP	116,000,000	0.16%
	$ 1,931,288,102	2.67%

TABLE 7 - TAX ADEQUACY [(1)]

2012 Principal and Interest Requirements	$ 42,122,294
$0.0594 Tax Rate at 98% Collection Produces	$ 42,181,881
Average Annual Principal and Interest Requirements, 2012 - 2032	$ 27,246,391
$0.0384 Tax Rate at 98% Collection Produces	$ 27,269,095
Maximum Principal and Interest Requirements, 2013	$ 45,913,863
$0.0647 Tax Rate at 98% Collection Produces	$ 45,945,585

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(1) For all tax supported indebtedness (limited and unlimited), including the Bonds. Excludes the Refunded Bonds.

TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on property within their boundaries and within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional tax debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional tax debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Governmental Subdivision	2011/12 Taxable Assessed Value	2011/12 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 2-1-12
Collin County	$ 72,462,518,559 (1)	$ 0.240000	$ 393,210,000 (2)	100.00%	$ 393,210,000
Special Districts					
Collin County Community College District	$ 74,711,222,472	$ 0.086300	$ 45,690,000	100.00%	$ 45,690,000
Seis Lagos Utility District	108,215,699	0.460371	1,290,000	100.00%	1,290,000
Total Districts					$ 46,980,000
Cities					
Allen	$ 7,588,693,036	$ 0.553000	$ 114,980,000	100.00%	$ 114,980,000
Anna	362,969,678	0.650332	9,114,500	100.00%	9,114,500
Blue Ridge	24,999,250	0.610035	1,138,000	100.00%	1,138,000
Celina	461,384,951	0.645000	17,395,000	100.00%	17,395,000
Fairview	1,183,079,890	0.360000	24,945,000	100.00%	24,945,000
Farmersville	146,636,829	0.642901	3,930,000	100.00%	3,930,000
Josephine	32,158,248	0.552679	565,000	95.59%	540,084
Lucas	565,286,273	0.374177	12,735,000	100.00%	12,735,000
McKinney	10,752,644,141	0.585500	227,705,000	100.00%	227,705,000
Melissa	352,522,058	0.610000	24,795,000	100.00%	24,795,000
Murphy	1,498,270,182	0.565000	50,205,000	100.00%	50,205,000
Parker	501,547,999	0.377080	7,800,000	100.00%	7,800,000
Princeton	283,871,758	0.728394	16,800,000	100.00%	16,800,000
Prosper	1,173,225,225	0.520000	38,520,000	94.29%	36,320,508
Wylie	2,310,558,516	0.898900	119,830,331	9.78%	11,719,406
County-Line Cities					
Carrollton	$ 32,197,450	$ 0.617875	$ 184,915,000	0.54%	$ 998,541
Dallas	3,641,147,461	0.797000	1,949,839,912	4.19%	81,698,292
Frisco	8,954,391,997	0.461910	622,510,000	64.00%	398,406,400
Plano	24,047,723,322	0.488600	383,575,000	96.42%	369,843,015
Richardson	3,492,832,663	0.635160	314,645,000	37.79%	118,904,346
Royse City	76,091,203	0.672900	22,875,000	15.55%	3,557,063
Sachse	443,694,421	0.770819	42,310,000	33.43%	14,144,233
Total Cities					$ 1,547,674,387

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(1) Tax Year 2011 Taxable Assessed Valuation.
(2) Includes the Bonds. Excludes the Refunded Bonds.

	2011/12 Taxable Assessed Value	2011/12 Tax Rate	Total Funded Debt	Estimated % Applicable	District's Overlapping Funded Debt 2-1-12
School Districts					
Allen ISD	$ 7,505,557,102	$ 1.670000	$ 483,922,100	100.00%	$ 483,922,100
Anna ISD	503,588,107	1.540000	92,460,024	100.00%	92,460,024
Farmersville ISD	335,789,762	1.340000	15,545,000	100.00%	15,545,000
Lovejoy ISD	1,581,617,547	1.535000	114,290,233	100.00%	114,290,233
McKinney ISD	8,997,729,728	1.540000	493,550,000	100.00%	493,550,000
Melissa ISD	433,733,518	1.540000	39,538,467	100.00%	39,538,467
Plano ISD	33,763,129,943	1.373400	1,123,422,382	100.00%	1,123,422,382
Princeton ISD	513,401,899	1.473600	70,127,307	100.00%	70,127,307
Wylie ISD	3,262,194,032	1.640000	248,281,192	100.00%	248,281,192
County-Line School Districts					
Bland ISD	$ 6,609,980	$ 1.500000	$ 14,484,981	9.15%	$ 1,325,376
Blue Ridge ISD	123,917,323	1.670000	16,254,999	98.60%	16,027,429
Celina ISD	635,117,327	1.640000	61,218,298	93.54%	57,263,596
Community ISD	469,873,074	1.495000	30,882,416	98.57%	30,440,797
Frisco ISD	12,910,240,008	1.420000	1,313,869,590	72.83%	956,891,222
Gunter ISD	428,514	1.580000	15,221,187	0.92%	140,035
Leonard ISD	6,902,746	1.273820	1,910,000	8.70%	166,170
Prosper ISD	1,822,211,399	1.670000	237,591,622	92.16%	218,964,439
Royse City ISD	81,617,502	1.610000	115,761,386	8.29%	9,596,619
Trenton ISD	5,704,207	1.370000	8,363,060	4.18%	349,576
Van Alstyne ISD	28,096,535	1.520000	34,161,519	9.94%	3,395,655
Whitewright ISD	3,779,764	1.450000	8,710,636	2.64%	229,961
Total School Districts					$ 3,975,927,580
Total Direct and Overlapping Funded Debt					$ 5,963,791,967
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					7.98%
Per Capita Overlapping Funded Debt					$ 7,414

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Unlimited Tax Outstanding Debt [1] Principal	Unlimited Tax Outstanding Debt [1] Interest [5]	Limited Tax Outstanding Debt [2] Principal	Limited Tax Outstanding Debt [2] Interest [5]	Unlimited Tax Bonds [3] Principal	Unlimited Tax Bonds [3] Interest	Limited Tax Bonds [4] Principal	Limited Tax Bonds [4] Interest	Total Debt Service	% of Principal Retired
2012	$ 14,380,000	$ 10,046,136	$ 11,670,000	$ 6,026,158	$ -	$ -	$ -	$ -	$ 42,122,294	
2013	15,210,000	8,686,167	12,135,000	5,076,826	610,000	3,004,100	80,000	1,111,769	45,913,863	
2014	15,750,000	8,006,142	9,285,000	4,629,957	1,050,000	2,302,300	115,000	860,450	41,998,850	
2015	16,465,000	7,294,567	9,685,000	4,212,545	1,095,000	2,259,400	120,000	857,500	41,989,012	
2016	13,405,000	6,622,642	9,400,000	3,773,170	3,625,000	2,165,000	570,000	847,150	40,407,962	32.12%
2017	16,685,000	5,946,961	8,085,000	3,362,139	1,185,000	2,068,800	2,345,000	791,700	40,469,600	
2018	14,505,000	5,244,411	8,555,000	2,988,090	3,015,000	1,984,800	2,445,000	695,900	39,433,201	
2019	15,255,000	4,576,726	8,900,000	2,614,220	3,145,000	1,845,875	2,535,000	596,300	39,468,121	
2020	12,845,000	3,963,722	7,300,000	2,268,411	2,800,000	1,697,250	1,795,000	509,700	33,179,084	
2021	10,195,000	3,465,419	7,595,000	1,964,673	4,075,000	1,525,375	1,820,000	437,400	31,077,867	64.33%
2022	9,495,000	3,040,345	7,500,000	1,662,591	4,290,000	1,316,250	1,895,000	363,100	29,562,286	
2023	9,925,000	2,624,776	5,685,000	1,379,532	4,505,000	1,096,375	1,985,000	275,575	27,476,258	
2024	10,375,000	2,194,429	5,960,000	1,110,281	4,720,000	889,350	2,085,000	173,825	27,507,885	
2025	10,245,000	1,746,419	6,085,000	831,278	2,145,000	752,050	1,485,000	84,575	23,374,322	
2026	10,090,000	1,278,538	5,015,000	564,841	1,785,000	673,450	190,000	44,363	19,641,191	89.49%
2027	9,320,000	815,125	2,595,000	364,625	1,870,000	591,000	195,000	38,106	15,788,856	
2028	5,960,000	452,873	2,530,000	216,128	1,965,000	495,125	200,000	31,688	11,850,813	
2029	3,045,000	240,493	2,115,000	77,543	2,065,000	394,375	210,000	25,025	8,172,435	
2030	2,040,000	126,200	150,000	9,588	2,170,000	288,500	215,000	18,119	5,017,406	
2031	2,135,000	42,700	155,000	3,294	2,285,000	177,125	220,000	11,050	5,029,169	99.37%
2032	-	-	-	-	2,400,000	60,000	230,000	3,738	2,693,738	100.00%
Totals	$ 217,325,000	$ 76,414,794	$ 130,400,000	$ 43,135,889	$ 50,800,000	$ 25,586,500	$20,735,000	$ 7,777,031	$ 572,174,214	

(1) Excludes the Unlimited Tax Refunded Bonds.
(2) Excludes the Limited Tax Refunded Bonds.
(3) Average life of the issue – 10.548 years. Interest on the Unlimited Tax Bonds has been calculated at the rates illustrated on the cover page for the Unlimited Tax Bonds.
(4) Average life of the issue –8.734 years. Interest on the Limited Tax Bonds has been calculated at the rates illustrated on page 3 for the Limited Tax Bonds.
(5) Includes that portion of interest offset by the refundable tax credit to be received by the County from the Department of Treasury as a result of a portion of the related outstanding obligations being designated as "Build America Bonds."

TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION [1]

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/12		$ 43,079,663
Estimated Interest and Sinking Fund, 9/30/11	$ 1,773,155	
Budgeted Interest and Sinking Fund Tax Levy	46,066,596	
Non-Tax Revenues	326,733	48,166,484
Estimated Balance, 9/30/12		$ 5,086,821

(1) Proposed.

TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Park [1]	11/6/2007	$ 17,000,000	$ 4,500,000	$ 3,500,000	$ 9,000,000
Road [2]	11/6/2007	235,600,000	69,345,000	36,500,000	129,755,000
Court Buildings [1]	11/6/2007	76,300,000	30,500,000	-	45,800,000
		$ 328,900,000	$ 104,345,000	$ 40,000,000	$ 184,555,000

(1) Article VIII, Section 9 indebtedness (limited tax).
(2) Article III, Section 52 indebtedness (unlimited tax).

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The Commissioners Court annually adopts a capital improvement plan (the "CIP") as part of the County's annual budget. The CIP is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions change, new projects may be added that are not currently identified. The improvements included in the CIP plan are generally funded from a blend of bond proceeds, tax notes, reserves or current year revenue sources. The current CIP covers fiscal years 2008 through 2017, and includes total capital expenditures of $224.5 million, of which $30.5 million are scheduled for fiscal year 2012. Most of the planned expenditures will be funded with proceeds of prior bond and tax note issues. As shown in Table 11, the County currently has $255,145,000 of authorized but unissued bonds. The County anticipates issuing approximately $30.5 million of such amount in fiscal year 2011-12 and the remaining bond authorization over the following six years in amounts that will allow the County to maintain a level debt service tax rate over such period.

TABLE 12 - OTHER OBLIGATIONS

The County has no unfunded debt outstanding as of August 31, 2011.

PENSION FUND . . . The 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). 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 Chapter 841, Texas Government Code, as amended (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. The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both the employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 13.5% in FYE 2011 along with a one-time lump sum payment of $35.5 million on August 15, 2011. This payment reduced the actuarially determined rate for FYE 2012 to 7.7%. The contribution rate payable by the employee members is the rate of 7% as adopted by the Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. In addition, upon an employee's retirement, the County contributes to such retired employee's retirement account an amount equal to $2.00 for every $1.00 saved in such retired employee's account. The County anticipates fully funding its TCDRS pension fund actuarial accrued liability over the next ten years. For additional information on the County's retirement plan. See Note V(e) in the notes to the financial statements attached hereto as Appendix B.

OTHER POST RETIREMENT BENEFITS . . . In February 2011, the Commissioners Court elected to discontinue a post-retirement health benefit plan for retired County employees that had been in existence since January 1, 2007. Under the prior post-retirement health benefit plan, the County paid a portion of the health insurance premiums (ranging from 25%-100%) of retired County employees beginning at age 65 based on the years of continuous service to the County. State law requires that counties provide retirees with a health insurance plan, but does not require counties to pay the cost of such coverage. As a result of the elimination of this post-retirement health benefit plan, the County does not currently offer any "other post-retirement benefits" ("OPEBs") for retired County employees.

FINANCIAL INFORMATION

TABLE 13 - CHANGES AND NET ASSETS [(1)]

	Fiscal Year Ended September 30, (000's)				
Revenues:	2011	2010	2009	2008	2007
Program Revenues:					
Charges for Services	$ 39,499,797	$ 38,596,963	$ 42,048	$ 46,646	$ 40,337
Operating Grants and Contributions	17,903,172	14,336,973	16,374	14,239	23,593
Capital Grants and Contributions	387,681	631,454	1,064	465	1,218
Total Program Revenues	$ 57,790,650	$ 53,565,390	$ 59,486	$ 61,350	$ 65,148
General Revenues:					
Taxes	$ 173,193,625	$ 178,396,150	$ 176,960	$ 172,965	$ 154,165
Unrestricted Investment Earnings	1,977,093	2,300,812	3,690	7,486	8,948
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	195,152	203,048	73	1,425	1,946
Total General Revenues	$ 175,365,870	$ 180,900,010	$ 180,723	$ 181,876	$ 165,059
Total Revenues	$ 233,156,520	$ 234,465,400	$ 240,209	$ 243,226	$ 230,207
Expenses:					
General Administration	$ 67,690,144	$ 36,468,596	$ 34,518	$ 28,473	$ 24,506
Judicial	14,109,924	17,436,080	17,195	16,910	14,983
Financial Administration	8,821,845	10,753,583	10,891	10,183	9,041
Legal	9,292,969	11,436,163	11,254	10,793	9,580
Public Facilities	17,040,033	16,981,488	18,129	17,751	18,574
Equipment Services	2,494,730	2,484,792	2,320	2,558	2,223
Public Safety	50,874,877	62,472,977	61,904	61,213	53,331
Public Transportation	70,789,320	87,756,972	25,491	35,834	9,642
Health and Welfare	18,074,594	19,088,453	18,369	17,814	15,065
Culture and Recreation	1,521,696	1,622,389	1,720	1,617	1,547
Conservation	235,128	293,137	295	317	320
Debt Service, Interest and Fiscal Charges	17,588,985	17,078,488	19,267	17,618	15,510
Total Expenses - Before Transfers	$ 278,534,245	$ 283,873,118	$ 221,353	$ 221,081	$ 174,322
Change in Net Assets	$ (45,377,725)	$ (49,407,718)	$ 18,856	$ 22,145	$ 55,885
Adjustments	(9)	-	-	(4,983)	-
Net Assets as of October 1	401,360,075	450,767,793	431,912	414,750	358,865
Net Assets as of September 30	$ 355,982,341	$ 401,360,075	$ 450,768	$ 431,912	$ 414,750

(1) In accordance with GASB 34, the County's financial statements for the fiscal year ended September 30, 2011, which are attached hereto as Appendix B, include a management discussion and analysis of the operating results of such fiscal year. Reference is made to Appendix B for such information. Government Activities only.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30, (000's)				
Revenues	2011	2010	2009	2008	2007
Taxes	$ 131,828,854	$ 130,271,143	$ 119,981,000	$ 117,399,000	$ 109,061,000
Federal and State Funds	6,379,302	3,908,666	3,993,000	3,979,000	3,746,000
Charges for Services	17,368,901	16,070,485	16,654,000	16,746,000	17,705,000
Fines and Forfeitures	1,992,671	1,821,451	2,270,000	2,689,000	2,647,000
Interest	2,117,949	2,189,100	3,484,000	6,719,000	7,813,000
Miscellaneous	932,685	598,633	817,000	517,000	535,000
Total Revenues	$ 160,620,362	$ 154,859,478	$ 147,199,000	$ 148,049,000	$ 141,507,000
Expenditures					
General Administration	$ 63,529,742	$ 28,875,085	$ 23,809,000	$ 21,010,000	$ 20,066,000
Judicial	14,954,776	14,141,857	13,846,000	13,687,000	13,618,000
Financial Administration	10,093,805	9,970,218	9,946,000	9,512,000	9,325,000
Legal	10,465,059	10,655,750	10,322,000	9,865,000	9,600,000
Public Safety	57,793,126	46,021,607	44,931,000	44,192,000	43,693,000
Public Health and Welfare	12,011,123	10,767,712	11,315,000	10,832,000	9,381,000
Public Facilities	10,159,746	9,652,871	10,172,000	10,401,000	9,472,000
Culture and Recreation	1,028,684	424,024	496,000	425,000	439,000
Equipment Services	2,094,787	1,940,815	1,919,000	2,271,000	2,061,000
Capital Outlay	11,600,278	1,990,979	2,315,000	1,810,000	1,556,000
Conservation	278,096	276,767	285,000	296,000	305,000
Principal Retirement	-	-	4,096,000	-	-
Interest and Fiscal Charges	-	-	414,000	-	-
Total Expenditures	$ 194,009,222	$ 134,717,685	$ 133,866,000	$ 124,301,000	$ 119,516,000
Excess (Deficiency) of Revenues Over Expenditures	$ (33,388,860)	$ 20,141,793	$ 13,333,000	$ 23,748,000	$ 21,991,000
Other Financing Sources (Uses)					
Sale of Capital and Non-Captial Assets	$ 20,353	$ 109,520	$ 80,000	$ 222,000	$ 285,000
Operating Transfers In	25,557	110,829	162,000	1,339,000	-
Operating Transfers Out	(1,001,263)	(8,581,000)	(9,462,000)	(18,047,000)	(7,651,000)
Total Other Financing Sources (Uses)	$ (955,353)	$ (8,360,651)	$ (9,220,000)	$ (16,486,000)	$ (7,366,000)
Net Change in Fund Balances	$ (34,344,213)	$ 11,781,142	$ 4,113,000	$ 7,262,000	$ 14,625,000
Beginning Fund Balance	187,689,474	133,626,241	129,513,000	122,251,000	107,626,000
Ending Fund Balance	$ 153,345,261	$ 145,407,383	$ 133,626,000	$ 129,513,000	$ 122,251,000

FINANCIAL ADMINISTRATION . . . Under the Texas Constitution and other Texas law, financial administration is the responsibility of the Commissioners Court, both as to policy and execution. The County Auditor assists the Commissioners Court in budget preparation, financial recordkeeping, and auditing.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred. However, principal of and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Major revenue sources which have been treated as susceptible to accrual under the modified basis of accounting include property taxes, charges for services, intergovernmental revenues, and investment of idle funds.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The County reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Budgetary Procedures . . . The budget is prepared by the County staff and approved by the Commissioners Court following departmental budget reviews and a public hearing. A copy of the budget must be filed with the County Clerk and the County Auditor and made available to the public. The Commissioners Court must provide for a public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to October 31 of the current fiscal year.

INVESTMENTS

The County invests its investable funds in investments authorized by Texas law (including specifically Chapter 2256, Texas Government Code, as amended, the "PFIA") in accordance with investment policies approved by the Commissioners Court of the County. Both State law and the County's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credited of the United States; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this state and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service and meet other requirements listed in Section 2256.016 of the Texas Public Funds Investment Act (the "PFIA").

Notwithstanding the preceding, the County may not invest in obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; or collateralized mortgage obligations that have a stated final maturity date of greater than ten years or the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. The County may not invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for debt service, in mutual funds described in clause (13) above, and may not invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds described in clause (13) above. Nor may the County invest its funds or funds under its control, including bond proceeds, reserves, and other funds held for debt service, in any one mutual fund described in clauses (12) or (13) above in an amount that exceeds 10% of the total assets of the mutual fund. The County must also restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement proceeds to no greater than the term of the reverse repurchase agreement.

INVESTMENT POLICIES . . . Under State law, the County is required to invest its funds under a written investment policy that primarily emphasizes safety of principal and liquidity; that addresses investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested in accordance with a formally adopted "Investment Strategy Statement" which specifically addresses each fund's or each group of fund's investment. Each Investment Strategy Statement will describe the investment objectives for the fund or group of funds in question to address specifically: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

Under State law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest County funds without express written authority from the Commissioners Court. At least quarterly, the investment officers of the County must submit an investment report to the Commissioners Court which is prepared jointly and signed by all investment officers and which meets the reporting requirements of Section 2256.023 of the PFIA.

ADDITIONAL PROVISIONS . . . Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business or family relationships with firms or individuals seeking to sell investments to the County to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees, (3) require an authorized representative of each firm seeking to sell investments to the County to receive and review the County's investment policy and to acknowledge in writing that reasonable controls and procedures have been implemented to preclude imprudent investment activities, (4) to perform an annual audit of the management controls on investments and adherence to the County's investment policy, and (5) provide investment training for the County's investment officers.

Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the County Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the County's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

The County's investment policy requires that its funds be invested in accordance with State law. The County generally invests in public fund investment pools or obligations of the United States or its agencies and instrumentalities.

TABLE 14 - CURRENT INVESTMENTS

As of April 1, 2012, the County's investable funds were invested in the following categories:

Description	Percent	Book Value	Market Value
Local Government Investment Pools [1]	46.45%	$ 176,466,620	$ 176,466,620
U.S. Agency Securities	9.55%	36,279,702	36,271,263
Certificates of Deposit	25.27%	96,003,642	96,003,642
Municipal Bonds	5.53%	20,993,382	20,856,718
Money Market	13.21%	50,178,324	50,178,324
	100.00%	$ 379,921,670	$ 379,776,567

As of such date, 59% of the County's investment portfolio is available upon demand. The market value of the investment portfolio was approximately 99.96% of its purchase price.

No funds of the County are invested in equity securities or derivative securities (i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity), and therefore the County has not sustained any losses in the market value of its portfolio during the recent economic downturn.

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(1) One of the local government investment pools used by the County is TexSTAR, which is co-administered by First Southwest Asset Management, Inc., the investment affiliate of First Southwest Company, the Financial Advisor for the County. TexSTAR is operated in a manner consistent with Rule 2a-7, promulgated by the Securities and Exchange Commission under authority of the Investment Company Act of 1940, that governs mutual funds.

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and (ii) the Bonds are not private activity bonds under the Internal Revenue Code of 1986, as amended (the "Code") and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The County has covenanted in the Orders that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Orders pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the County, the County's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the County, the County's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report of Grant Thornton LLP, certified public accountants, regarding the mathematical accuracy of certain computations relating to the Bonds and the Refunded Bonds. If the County should fail to comply with the covenants in the Orders or if the foregoing representations or the report should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such includability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on certain tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "Collateral Tax Consequences" generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Orders, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The County will update and provide this information within six months after the end of each fiscal year ending in and after September 30, 2012. The County will provide the updated information to the MSRB in an electronic format, which will be available to the general public without charge via the MSRB's Electronic Municipal Market Access ("EMMA") System as www.emma.msrb.org.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation.

The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

DISCLOSURE EVENT NOTICES . . . The County shall notify the MSRB of any of the following events with respect to the Bonds, in a timely manner not in excess of ten Business Days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material (neither the Bonds nor the Orders make any provision for debt service reserves or liquidity enhancement).

As used in clause 12 above, the phrase bankruptcy, insolvency, receivership or similar event means the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if jurisdiction has been assumed by leaving the Commissioners Court and official or officers of the County in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County. The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close.

AVAILABILITY OF INFORMATION . . . All information and documentation filing required to be made by the County in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB via www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Over the last five years the County has complied in all material respects with its prior undertakings pursuant to the Rule.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding tax supported debt of the County are rated "Aaa" by Moody's and "AAA" by S&P without regard to third-party credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that would have a material adverse financial impact upon the County or its operations.

At the time of the initial delivery of the Bonds, the County will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The County will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of each series of Bonds, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Initial Bond of each Series is a valid and binding obligation of the County, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that the Bonds issued in compliance with the provisions of the Orders are valid and legally binding obligations of the County and the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "Tax Matters" herein including alternative minimum tax consequences for corporations. Forms of such opinions are attached hereto as Appendix C. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds)", "THE BONDS" (except for the subcaptions "Book-Entry-Only System" and "Bondholder's Remedies"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale", "Legal Investments and Eligibility to Secure Public Fund in Texas", and "Legal Matters" under the caption "OTHER INFORMATION" and such firm is of the opinion that the information relating to the Bonds and the Orders contained therein fairly and accurately describe the provisions thereof. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas , Texas, Counsel to the Underwriters. The legal fees to be paid to Underwriters' Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which the County believes to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Unlimited Tax Bonds from the County, at an underwriting discount of $293,572.75 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Unlimited Tax Bonds if any Unlimited Tax Bonds are purchased. The Unlimited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Unlimited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Unlimited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Limited Tax Bonds from the County, at an underwriting discount of $120,287.30 from the initial offering prices to the public. The Underwriters will be obligated to purchase all of the Limited Tax Bonds if any Limited Tax Bonds are purchased. The Limited Tax Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Limited Tax Bonds into investment trusts) at prices lower than the public offering prices of such Limited Tax Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the County relating to (a) computation of forecasted receipts of principal and interest on the Escrowed Securities and the forecasted payments of principal and interest to pay the Refunded Bonds and (b) computation of the yields of the Bonds and the restricted Escrowed Securities will be verified by Grant Thornton LLP, certified public accountants. Such computations will be based solely on assumptions and information supplied by First Southwest Company on behalf of the County. Grant Thornton LLP will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations will be based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the County’s records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Orders will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Underwriters.

KEITH SELF
County Judge
Collin County, Texas

ATTEST:

STACEY KEMP
County Clerk

Schedule I

SCHEDULE OF REFUNDED BONDS

Unlimited Tax Road & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2016	5.000%	$ 3,210,000	$ 2,630,000
	2/15/2021	4.750%	2,805,000	2,300,000
	2/15/2022	4.750%	2,945,000	2,415,000
	2/15/2023	4.750%	3,085,000	2,530,000
	2/15/2024	4.500%	3,235,000	2,650,000
			$ 15,280,000	$ 12,525,000

The 2016 maturity and the 2021 - 2024 maturities will be redeemed prior to their original maturity on February 15, 2014.

Unlimited Tax Road & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/1/2005	2/15/2018	5.000%	3,670,000	$ 1,955,000
	2/15/2019	5.000%	3,850,000	2,050,000
	2/15/2020	5.000%	3,095,000	1,645,000
	2/15/2021	5.000%	1,060,000	560,000
	2/15/2022	5.000%	1,115,000	590,000
	2/15/2023	5.000%	1,170,000	620,000
	2/15/2024	5.000%	1,230,000	655,000
	2/15/2025	4.375%	1,290,000	685,000
			$ 16,480,000	$ 8,760,000

The 2018 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at par.

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Limited Tax Improvement & Refunding Bonds, Series 2004

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/15/2004	2/15/2016	4.000%	$ 590,000	$ 480,000
	2/15/2017	4.000%	615,000	500,000
	2/15/2018	4.000%	640,000	525,000
	2/15/2019	4.000%	665,000	545,000
	2/15/2020	4.100%	695,000	570,000
	2/15/2021	4.200%	725,000	590,000
	2/15/2022	4.250%	755,000	615,000
	2/15/2023	4.375%	790,000	645,000
	2/15/2024	4.500%	825,000	675,000
			$ 6,300,000	$ 5,145,000

The 2016 – 2024 maturities will be redeemed prior to their original maturity on February 15, 2014 at par.

Limited Tax Improvement & Refunding Bonds, Series 2005

Original Dated Date	Stated Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
3/1/2005	2/15/2017	5.000%	$ 3,310,000	$ 1,760,000
	2/15/2018	5.000%	3,480,000	1,850,000
	2/15/2019	5.000%	3,650,000	1,940,000
	2/15/2020	5.000%	2,235,000	1,190,000
	2/15/2021	5.000%	2,270,000	1,205,000
	2/15/2022	5.000%	2,385,000	1,270,000
	2/15/2023	5.000%	2,510,000	1,335,000
	2/15/2024	5.000%	2,635,000	1,400,000
	2/15/2025	4.375%	2,770,000	1,475,000
			$ 25,245,000	$ 13,425,000

The 2017 – 2025 maturities will be redeemed prior to their original maturity on February 15, 2015 at par.

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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LOCATION . . . Collin County, Texas, is located in Northeast Texas immediately north and adjacent to Dallas County, and approximately 15 miles from downtown Dallas. The County is an important component of the Dallas-Fort Worth Consolidated Metropolitan Statistical Area. The 836 square miles comprising the County represent a dynamic growth area in the Metroplex, and includes the Cities of Plano, McKinney (County Seat), Allen, Frisco, and Wylie.

POPULATION . . . Significant increases in population and economic growth have occurred during the past two decades. County population at the 1960 census was 41,247 . . . at the 1970 census, 66,920 . . . at the 1980 census, 144,576 . . . at the 1990 census, 264,036 . . . at the 2000 census, 491,675, at the 2010 census, 782,341, and the 2012 estimated population is 804,390.

ECONOMY . . . The economic base consists of various manufacturing, computer technology, electronics, oil and gas research, and agriculture. Major industries with headquarters or divisions located within the County include petroleum research, tele-communication, computer technology, electronics, retail, the food industry, and insurance institutions. Some of the major employers in Collin County are as follows:

Company	Number of Employees
Bank of America Home Loans	9,410
J.C. Penney, Inc.	5,100
Electronic Data Systems	5,000
University of Texas at Dallas	2,830
WalMart Super Center	2,561
Raytheon/TI Systems	2,500
Collin County Community College	2,377
AT&T	2,350
CHC Acquisition Corp.	2,000
Alcatel	1,830
T-Mobile USA, Inc.	1,500
Texas Health Presbyterian Hospital	1,488

LABOR AND EMPLOYMENT ANALYSIS . . . Economic growth and development during the past decade in the County, and the immediate surrounding area, has provided a high rate of employment for the available labor force. Statistical data (annual average) for the County is as follows:

	February	Average Annual				
	2012	2011	2010	2009	2008	2007
Civilian Labor Force	435,519	434,999	421,754	409,675	404,668	395,426
Employed	408,081	404,549	390,106	379,610	386,020	380,118
Unemployed	27,438	30,450	31,648	30,065	18,648	15,308
Percent Unemployed	6.30%	7.00%	7.50%	7.34%	4.61%	3.87%

Source: Economic Research and Analysis Department estimates - Texas Workforce Commission.

EDUCATION . . . The following are the major colleges and universities located within a 60-mile radius of the County.

Austin College	Sherman, Texas
Collin County Community College District	Plano, Texas
Dallas County Community College System	Dallas County, Texas
Texas A&M - Commerce	Commerce, Texas
Grayson County Junior College	Denison, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

CLEAN AIR ACT NON-ATTAINMENT . . . The Dallas/Fort Worth ("DFW") ozone nonattainment area (initially, Collin, Dallas, Denton, and Tarrant Counties, and as of April 15, 2004, Ellis, Johnson, Kaufman, Parker and Rockwall Counties were added to the nonattainment area) was originally designated "moderate" under the Federal Clean Air Act amendments of 1990, and thus was required to attain the 1-hour ozone standard by November 15, 1996. DFW did not attain the ozone standard in 1996.

The EPA is authorized to redesignate an area to the next higher classification ("bump up") if it fails to attain by the required date. Consequently, in March 1998, and in accordance with FCAA, EPA reclassified DFW from moderate to serious. The reclassification required the State to submit a revised State Implementation Plan demonstrating attainment of the ozone standard by November 15, 1999. Because DFW continued to exceed the ozone standard in 1999, EPA required submittal of a revised SIP by May 1, 2000, demonstrating attainment.

On April 19, 2000, the Texas Natural Resources Conservation Commission (now TCEQ) adopted a new SIP, which included a plan for the then four-county DFW nonattainment area that included Collin County. In February 2001, EPA accepted the SIP and the DFW plan. In accepting the plan, EPA did not reclassify the DFW area from serious to severe, and deferred the compliance date for the DFW area to November 15, 2007 from November 15, 1999.

The nine-county area is now classified as a "moderate" ozone nonattainment area under the 8-hour ozone standard. The requirements of the 1-hour standard remained in effect for the four core counties until EPA revoked that standard on June 15, 2005. At that time the entire nine-county area became subject to the 8-hour requirements.

In April 2004, along with its classification of new counties in the DFW under the 8-hour ozone standard, EPA also addressed other aspects of 8-hour attainment in Phase I of its Implementation Rule, promulgated April 30, 2004. The Implementation Rule outlines a number of options for areas with outstanding obligations for an approved 1-hour ozone attainment demonstration, which applies to the DFW nonattainment area. Two of these measures involve the loss of Federal highway funding and the implementation of a more stringent environmental permitting program for commercial and industrial entities, possibly retarding economic growth in such areas.)

On November 29, 2005, EPA finalized Phase II of its 8-hour Ozone Implementation Rule, which detailed reasonable further progress ("RFP") requirements for 8-hour ozone nonattainment areas, such as DFW. On November 21, 2006, TCEQ filed revisions to the DFW 8-hour non-attainment area SIP (the "Revised DFW SIP").

The Revised DFW SIP notes that the DFW 8-hour ozone nonattainment area consists of two sets of counties: the original four one-hour nonattainment counties (Collin, Dallas, Denton, and Tarrant) and the five new nonattainment counties (Ellis, Johnson, Kaufman, Parker, and Rockwall). Because of this circumstance, TCEQ has two options for fulfilling its 8-hour ozone RFP requirements for the DFW area: (1) to treat all nine counties as a single area with a single RFP reduction target of 15 percent reduction in volatile organic compound ("VOC") emissions from the entire nine-county area between 2002 and 2008 or (2) treat the two sets of counties as separate areas with separate RFP targets.

The TCEQ chose option 2 to fulfill the 8-hour ozone RFP requirements for the DFW area, using the mandate of VOC reductions for the five-county area and NOx reductions for the four-county area. Using NOx reductions for the four-county area is consistent with the DFW 8-hour ozone attainment demonstration SIP that shows reductions in NOx emissions are more effective than reductions in VOC emissions for reducing ozone levels in the DFW nine-county area.

APPENDIX B

EXCERPTS FROM THE

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2011

The information contained in this Appendix consists of excerpts from the Collin County, Texas Annual Financial Report for the Year Ended September 30, 2011, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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COLLIN COUNTY

Auditor's Office
2300 Bloomdale Rd.
Suite 3100
McKinney, Texas 75071
www.collincountytx.gov

March 31, 2012

Honorable District Judges
Honorable County Judge
Honorable County Commissioners Collin County, Texas

The Comprehensive Annual Financial Report of Collin County, Texas, for the fiscal year ended September 30, 2011, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Collin County, Texas. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Collin County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Collin County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects.

PB&H, L.L.P., a firm of licensed certified public accountants, has audited Collin County's financial statements. The goal of the independent audit was to provide reasonable assurance the financial statements of the County for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. Based on the audit, the independent auditor concluded there was a reasonable basis for rendering an unqualified opinion on Collin County's financial statements for the fiscal year ended September 30, 2011, and they are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Collin County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Collin County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Located in North Central Texas, Collin County was incorporated in 1846 and both the County and the County Seat were named after the pioneer, Collin McKinney. The County is ranked as one of the top growth areas in the state and the country with a population of 801,740. This is up 61% over the 2000 census of 496,800 and 414% over the 1980 census of 155,950. The County has a land area of 836 square miles.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one for each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms.

Collin County provides a full range of services, including judicial; law enforcement; maintaining land and vital records; jail facilities; construction and maintenance of roads, bridges, and other infrastructure; recreational activities and facilities; indigent health assistance; and homeland security response teams.

The annual budget serves as the foundation for Collin County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Budget Officer. The Budget Officer uses these requests as the starting point for developing a proposed budget. The proposed budget and a recommended budget prepared by the Budget Officer are submitted to Commissioners Court for their consideration. Commissioners Court then holds budget work sessions to hear specific requests that were not included in the Budget Officer's recommended budget. The Court is required to publish specific information, notices, and hold public hearings as defined by state statute. Once all these requirements are met, the Court may adopt the budget and the tax rate by September 1 or as soon thereafter as is practical. The appropriated budget is adopted by fund by the primary activities of salaries and benefits, maintenance and operating, and capital expenditures. Budget to actual comparisons are provided in this report for the General Fund and all funds in which the Commissioners Court adopts an annual budget.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Collin County operates.

Local economy: Collin County is experiencing a slow economic recovery after a mild downturn. Population growth is continuing to increase at a rapid pace. In 2011 Collin County's population increased by 10,109 (1.3% annual increase); however this increase is much less than the average increase of 26,394 annual increase the County has experienced over the past 10 years. Major industries with headquarters, or divisions, located within the county include petroleum research, telecommunications, computer technology, electronics, retail, hotel, food, and insurance institutions. Real property values were also affected by the economic slowdown. Collin County received 73.3% of total revenues in property taxes in 2011. As a result of the economic slowdown in the prior years, property tax revenues decreased by 2.3%; however, reserves were more than sufficient to absorb this decrease without an increase to the tax rate. Real property values are expected to slightly increase in 2012.

Long-term financial planning: The Commissioners Court continues to be very active in infrastructure development to help insure continued economic growth. They are continuously studying transportation and facility needs so that Collin County will remain a viable option for both industry and its employees. In November, 2007, they proposed and received approval from the taxpayers of Collin County to issue bonds totaling $328.9 million for roads, facilities and parks, and another bond issue is expected in 2012. The County is also very active purchasing land and construction of the Outer Loop road project in which a grant of $12 million was awarded by the State of Texas in 2010 which is funded with the State's Regional Toll Revenue (RTR) Fund. Also in 2011 the County opened a large expansion of the Collin County Courthouse which is intended to house all county and state district courts in one facility, and renovations of the older wing of the Courthouse are underway to allow for this consolidation.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Collin County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. This is the thirty-second consecutive year that Collin County has received this prestigious award. In order to be awarded a Certificate of Achievement, Collin County published an easily readable and efficiently organized CAFR, along with satisfying both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been possible without the efficient and dedicated services of the entire staff of the County Auditor's Office. I also would like to express thanks to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of District Judges for their support of the Auditor's Office in maintaining the highest standard of professionalism possible in the management of Collin County's financial reporting.

Respectfully submitted,

Jeff May, County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Collin County Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

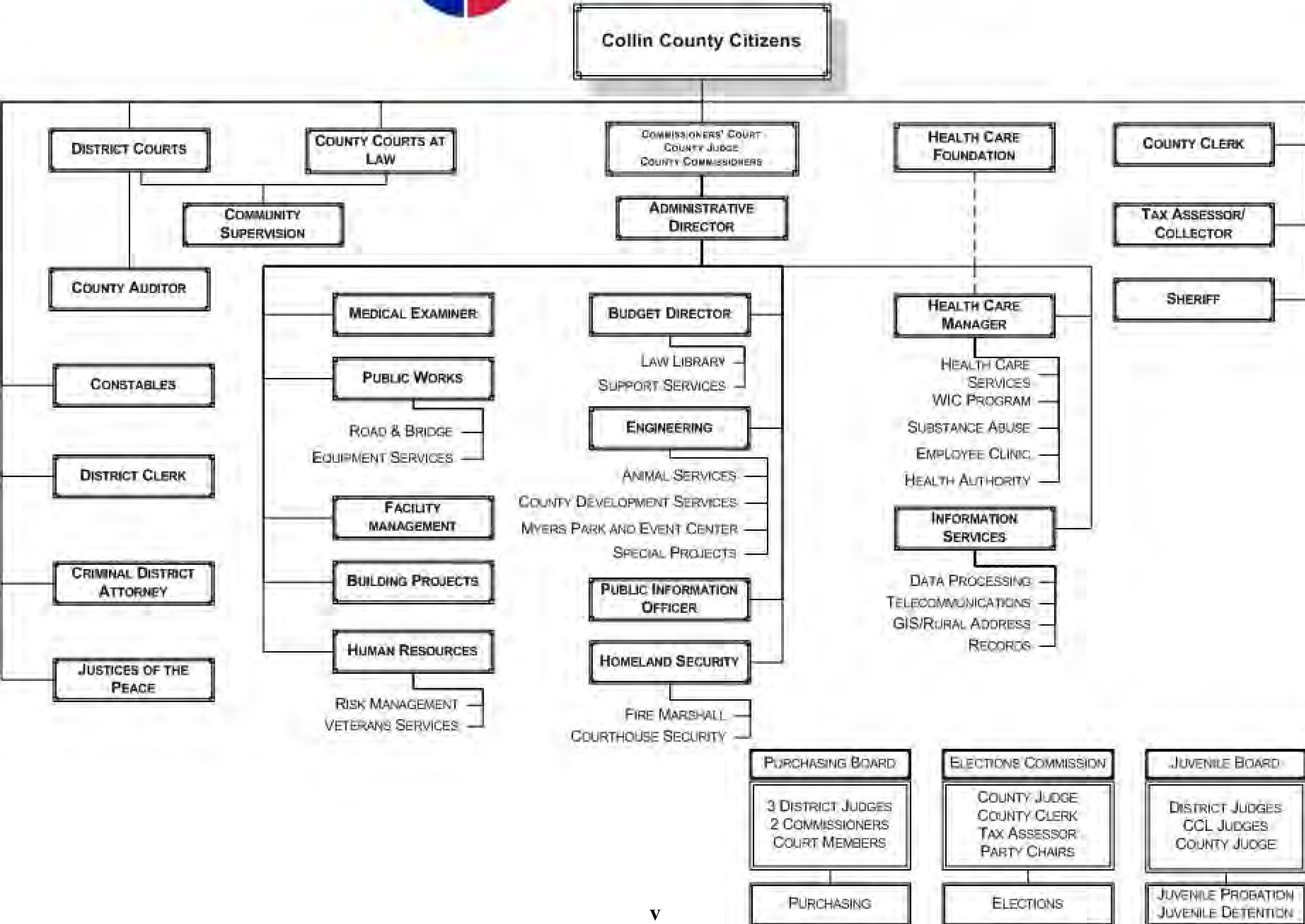
Linda C. Davison

President

Jeffrey R. Esser

Executive Director

Collin County Organizational Chart



COLLIN COUNTY, TEXAS

DIRECTORY OF OFFICIALS

SEPTEMBER 30, 2011

District Officials	
Robert T. Dry, Jr.	Judge, 199th Judicial District
Scott Becker	Judge, 219th Judicial District
John Roach, Jr.	Judge, 296th Judicial District
Raymond Wheless	Judge, 366th Judicial District
Suzanne Wooten	Judge, 380th Judicial District
Mark J. Rusch	Judge, 401st Judicial District
Chris Oldner	Judge, 416th Judicial District
Cynthia Wheless	Judge, 417th Judicial District
Jill Willis	Judge, 429th Judicial District
Greg Willis	District Attorney
Patricia Crigger	District Clerk
Commissioners Court	
Keith Self	County Judge
Matt Shaheen	Commissioner, Precinct I
Cheryl Williams	Commissioner, Precinct II
Joe Jaynes	Commissioner, Precinct III
Duncan Webb	Commissioner, Precinct IV
County Officials (Elected)	
Corrine Mason	Judge, County Court at Law I
Jerry C. Lewis	Judge, County Court at Law II
Lance Baxter	Judge, County Court at Law III
David Rippel	Judge, County Court at Law IV
Dan Wilson	Judge, County Court at Law V
Jay Bender	Judge, County Court at Law VI
Weldon S. Copeland	Judge, Probate Court I
Terry Box	Sheriff
Stacey Kemp	County Clerk
Kenneth Maun	Tax Assessor/Collector
Paul M. Raleeh	J.P., Precinct I
Terry L. Douglas	J.P., Precinct II
Johnny G. Lewis	J.P., Precinct III, Place 1
John E. Payton	J.P., Precinct III, Place 2
Warren M. Yarbrough II	J.P., Precinct IV
Paul Elkins	Constable, Precinct I
Joe Barton	Constable, Precinct II
Charles Presley	Constable, Precinct III
Johnny Todd	Constable, Precinct IV
Other County Officials	
Jeff May	County Auditor
Joe Scott	Director, Juvenile Services
John K. Cook	Veterans Service Officer

(continued)

COLLIN COUNTY, TEXAS

DIRECTORY OF OFFICIALS
(Continued)
SEPTEMBER 30, 2011

Carrie T. Brazeal	County Extension Agent (Home Economics)
Jon Kleinheksel	Director, Public Works
Bill Bilyeu	Director, Administrative Services
Sharon Rowe	Elections Administrator
Franklin Ybarbo	Purchasing Agent
Caren Skipworth	Chief Information Officer
Cynthia Jacobson	Director, Human Resources
William B. Rohr	Medical Examiner
Monika Arris	Director, Budget

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Collin County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Collin County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2012, on our consideration of Collin County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis and budgetary comparison on pages 3 through 23 and pages 72 through 76 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collin County's basic financial statements. The introductory section, combining and individual fund financial statements, supplementary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pattillo, Brown & Hill, L.L.P.

March 31, 2012

MANAGEMENT'S
DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

This section of the Collin County, Texas (the "County") Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2011. Readers should consider the information in this section when reading the overall report, including the transmittal letter, financial statements, and accompanying notes.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- County assets exceed liabilities by $356.0 million on a government-wide basis at September 30, 2011, a decrease of $45.4 million from FY2010.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to $233.2 million. The primary revenue sources for governmental activities were property (ad valorem) taxes ($170.8 million), charges for services ($39.5 million) and operating grants and contributions ($17.9 million). These three revenue sources accounted for 73.2%, 16.9%, and 7.7%, respectively, or 97.9% of total governmental activity revenues.
- Total expenses were $278.5 million. The largest functional expenses were public transportation ($70.8 million), general administration ($67.7 million), and public safety ($50.9 million).
- Net capital assets were $435.6 million from governmental type activities. Net depreciation expense attributable to assets of governmental activities amounted to $21.1 million for 2011.

Highlights for Fund Financial Statements

The fund financial statements report detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting. The amounts for FY 2010 have een restated to reflect GASB 54 (discussed below).

- The County's governmental funds reported a decrease in fund balance of $51.9 million for fiscal year 2011, as compared to a decrease of $32.7 million for fiscal year 2010.
- In 2011, in response to the revised fund balance classifications and requirements of GASB 54, the County combined several funds with the General Fund. The combined General Fund reported a fund balance of $153.3 million for September 30, 2011, a decrease of $34.3 million from September 30, 2010. The primary reason for the reduction was the payment to the state retirement system to pre-fund outstanding liabilities by $40.5 million and to reduce the periodic contribution rate from 13.5% to 7.7%.

General Financial Highlights

- In FY 2011, using a $12 million state grant received at the end of FY 2010, the County continued its work on the Outer Loop, spending $4.5 million in 2011 to construct access roads on section connecting US Highway 75 to Texas Highway 121. Total contracts let to date exceed $9 million.

- The County, as part of its transportation plan, provides financing to its cities to assist in road construction to meet continuing population growth. In fiscal year 2011, the County transferred a net of $29.7 million from Deferred Contributions for the completion of projects (primarily roads) the county donated to other governmental entities. Although the County will not maintain or own those roads, it continues to be responsible for paying the debt incurred for construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is presented as an introduction to the County's basic financial statements. The basic financial statements include the government-wide financial statements, the fund financial statements, and the accompanying notes. Also included is supplementary information which is required in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide a broad overview of County finances in a manner similar to a private-sector business, using full-accrual accounting for all transactions and activities.

The statement of net assets provides information on all County assets and liabilities; the difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the net assets of the County changed during the fiscal year presented herein. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Under this presentation using full-accrual accounting, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation and sick leave, etc.).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes. If appropriate, the statements would also present revenues from governmental activities that are most like a private enterprise. That is, the intent of the activity is to recover all or a significant portion of its costs of operations through the charging of user fees and activity charges. Governmental activities of the County supported primarily by taxes include general government, judicial, public safety, public works, health, welfare, culture and recreation, and interest on long-term debt. Enterprise Fund activities might include operations of an airport or hospital. The County created its first Enterprise Fund in FY 2009 to record the activity of the Collin County Toll Road Authority. The County Commissioners Court is also the Trustee for the Collin County Toll Road Authority. The Toll Road Authority was established to build and maintain an Outer Loop tolled roadway in the northern and eastern portions of the County. The Toll Road will connect with Interstate 35 in Denton County on the north side of the DFW metroplex and Interstate 30 in Rockwall County on the east side of the DFW metroplex. In late FY 2010, the county received a $12 million grant from the state to assist in the construction of access roads for the first section of the outer loop from US 75 to State Highway 121.

The County operates an animal shelter that works with local cities and unincorporated areas of the County to handle the disposition of unwanted animals. Each participating city, as well as the County, pays a pro rata share of the operating expenses and construction costs. The animal shelter is not considered an Enterprise Fund since it provides services to other governments and not to the general public.

Government-wide financial statements include not only the activities of the County itself (known as the primary government), but also those of the legally separate component unit: Collin County Health Care Foundation, McKinney and Plano. The Commissioners Court acts as the Board of Trustees for the component unit whose activities are blended with those of the primary government because they function as part of the County government.

Fund Financial Statements

A fund is a grouping of related accounts used to control and account for resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to both ensure and demonstrate compliance with legal requirements. All funds of the County can be divided into one of three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The nature of such inflows and outflows may be useful in evaluating near-term financial requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, the reader may find it useful in comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may come to better understand the differences in the long-term financial activity of the County. Such comparison may also be used to distinguish the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliations useful in comparing the governmental funds and government-wide activities.

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* which is effective for periods that begin after June 15, 2010. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions, and 2) providing clearer fund balance classifications that can be more consistently applied. Collin County is required to implement GASB 54 for the fiscal year ending September 30, 2011.

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The classifications are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion of the fund's resources*.

Collin County, to meet the requirements of GASB 54, combined several funds for reporting purposes where we no longer expected a substantial portion of revenues would be derived from restricted revenue sources. These included certain funds whose primary revenues are received from an allocation of property taxes, as permitted under Texas statutes.

GASB 54 requires fund balance to be reported by purpose or function of restriction, using one of the following five categories:

- **Nonspendable –** Generally means the asset is not expected to be converted to cash, such as inventories; the asset can also be related to monies legally or contractually required to be maintained intact, such as a Debt Service Reserve Fund.
- **Restricted –** Constraints on use of resources either externally imposed (i.e., creditors, contributors, grantors, or laws of other governments), or imposed by law through constitutional provisions of enabling legislation, such as authorization to assess, levy, charge, or otherwise mandate payment of resources. This includes a *legally enforceable* requirement that resources be used only for the specific purpose.
- **Committed –** Constraints imposed by formal action of the Collin County Commissioners Court to set aside, by court order, a commitment of specific use of resources. Constraints can only be removed or changed by taking the same type of action employed to commit those amounts.
- **Assigned –** An amount intended to be used for a specific purpose, but the amount is neither restricted nor committed. Intent may be expressed by the Commissioners Court or by an official or group to which the governing body has delegated the authority to assign amounts. Assigned fund balances include all remaining amounts reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. In governmental funds other than General Fund, assigned fund balance represents the amount intended to be used for the purpose of that fund.
- **Unassigned –** Residual amount for the General Fund; it is the fund balance that has not been restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. The only classification that can report a negative fund balance is the unassigned category.

The following funds, previously reported separately, were combined with the General Fund for reporting purposes:

- Housing Finance Corporation
- Records Archive
- District Courts Records Technology
- Juvenile Probation
- Pre-Trial Release
- Jury
- Myers Park Operating
- Code Inspection
- Juvenile Alternative Education
- Juvenile Out of County Sex Offender Program
- Local Agreement/Funding
- Permanent Improvement

The governmental funds balance sheet has been restated to reflect the requirements of GASB 54. These funds are combined only for reporting purposes; to maintain integrity of the purposes for which they were originally established, the funds noted are not combined into the General Fund for transaction purposes or monthly statutory reporting for Commissioners Court.

The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the:

- General Fund
- General Road and Bridge
- Health Care Foundation
- Regional Toll Revenue – Wylie (FM 1378)
- Regional Toll Revenue – Outer Loop PH3 (Phase 3) from US Highway 75 to State Highway 121
- Debt Service
- 2003 Election Road Bonds
- 2007 Election Road Bonds

Each of these funds is considered to be a major fund for FY 2011. Financial results from the other governmental funds (nonmajor funds) are combined into a single, aggregated presentation and included in the total. Individual fund data for each of the nonmajor governmental funds is provided in the combining and individual fund statements and schedules.

The County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement is provided for County governmental funds, where a budget is adopted, to demonstrate compliance with the approved budget. (The exceptions are Grant Funds and Capital Projects Funds, which are budgeted according to the project budget, with an assigned project number for tracking and recording each transaction by project). Budgetary comparison statements for major governmental funds are presented as required supplementary information in the basic financial statements. Budgetary comparison statements for all governmental funds are included in the fund financial statements accompanying information.

Proprietary Funds

Currently, the County reports two proprietary funds – the Collin County Toll Road Authority and its Internal Service Funds as detailed below. Internal Service Funds are used to accumulate and allocate costs internally among various County functions. The services provided benefit the various government functions they support, which is why they have been included within governmental activities in the government-wide financial statements. The County uses Internal Service Funds to account for the following activities:

- Liability Insurance
- Workers' Compensation Insurance
- Insurance Claim
- Unemployment Assessment
- Flexible Benefits
- Employee Paid Benefits
- Animal Safety

Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Internal Service Funds are accounted for on the full-accrual method of accounting. Individual fund data for the Internal Service Funds are provided in the combining and individual fund statements and schedules.

Fiduciary Funds

County Fiduciary Funds consist of several agency funds. Agency funds are the separate accounts and transactions related to money received that is collected for and remitted to another entity. For example, the County collects traffic fines; a portion of the fines belong to the state. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis. Agency funds are also used for recording receipts of funds by elected officials.

Notes to Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

Other Information

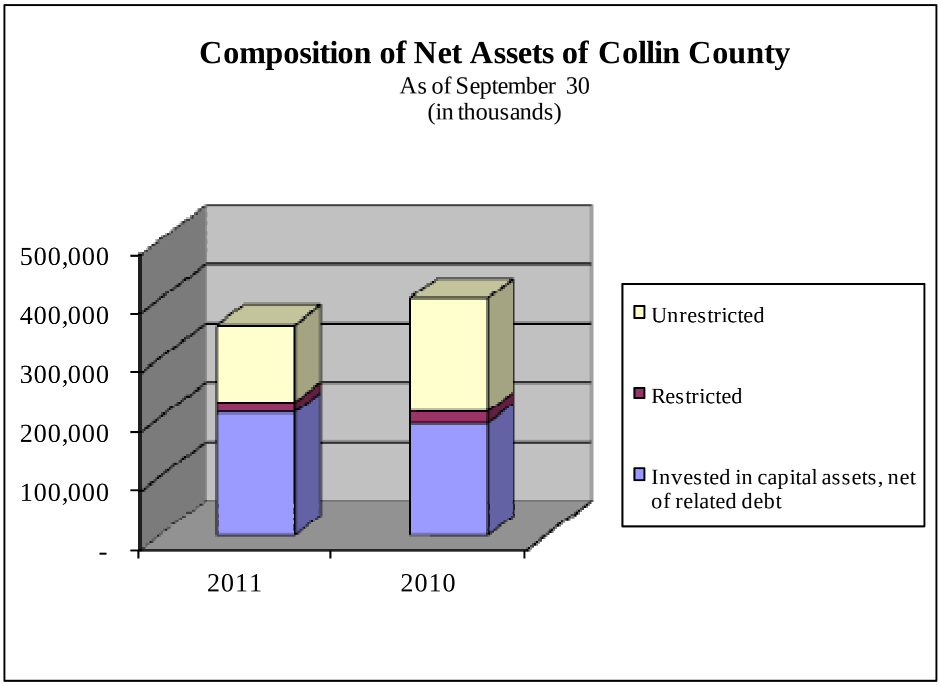
In addition to the basic financial statements and accompanying notes to those financial statements, certain required supplementary information schedules are also presented in this report with additional information regarding the results of the County's financial activities.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

Government-Wide Financial Analysis

Net assets of the County as of September 30, 2011 and September 30, 2010, are summarized and analyzed below:



- Net assets serve as a useful indicator of financial position. Assets exceeded liabilities by $356.0 million as of September 30, 2011, and by $401.4 million as of September 30, 2010, a net decrease of $45.4 million. A significant portion of the decrease was due to the previously mentioned $40.5 million payment to reduce the outstanding employee retirement liability.

Statement of Net Assets
As of September 30
($ in thousands)

	2011	2010
Assets:		
Current and Other Assets	$ 345,626	$ 436,826
Capital Assets	450,390	425,907
Total Assets	796,016	862,733
Liabilities:		
Current Liabilities	27,421	34,536
Long-term Liabilities	412,553	426,803
Total Liabilities	439,974	461,339
Net Assets:		
Invested in capital assets, net of related debt	209,001	190,886
Restricted	17,446	19,376
Unrestricted	129,595	191,133
Total Net Assets	$ 356,042	$ 401,394

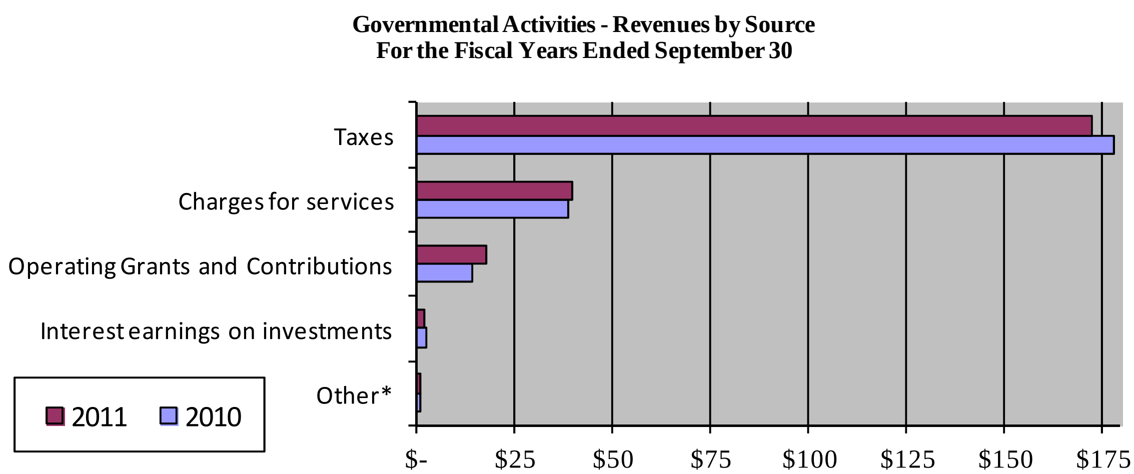
- Investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc., net of related debt used to acquire the assets) accounts for the largest category of net assets (56.6%). Capital assets are used to provide services to citizens. Although our investment in capital assets is reported net of related debt, the reader should note resources needed to repay this debt must be provided from other sources, since the assets cannot be used to liquidate the debt.

- Restricted net assets (4.9%) represent resources subject to external restrictions on their use. Of these restricted net assets, 10.4% are to repay long-term debt, 53.3% (of restricted) are to provide health care services (as established upon sale of the County hospital), 36.1% (of restricted) are for grant programs, and the balance is for the County's Myers Park Foundation.

- The remaining portion of the County's net assets (36.4%) is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

- At September 30, 2011, the County had positive balances in all three categories of net assets.

Reflected below is a comparison of Collin County revenues by source. Revenue decreased in 2011 over 2010 by 0.8%, due primarily to lower taxes collected (-3.2%) and lower investment earnings (-14.3%). Charges for services and operating grants increased in FY 2011 by more than 27% over FY 2010. A summary of the amounts and more detailed explanation is provided below the graph.



Summarized below are details of the governmental activities of the County for FY 2011 and 2010.

- Program revenues included charges for services, fines and forfeitures, certain licenses and permits, and special assessments, as well as both operating and capital grants and contributions. Program revenues from governmental activities increased by $4.2 million or 7.9%.

- General revenues consist of taxes and interest not allocable to specific programs, as well as miscellaneous transactions that are not attributable to a specific program. Taxes, the largest of these revenues, decreased by $5.7 million or 3.2%.

- Public transportation expense decreased by $17.0 million or 19.4%, due to completion of roads that were in construction in progress at the end of FY2010.

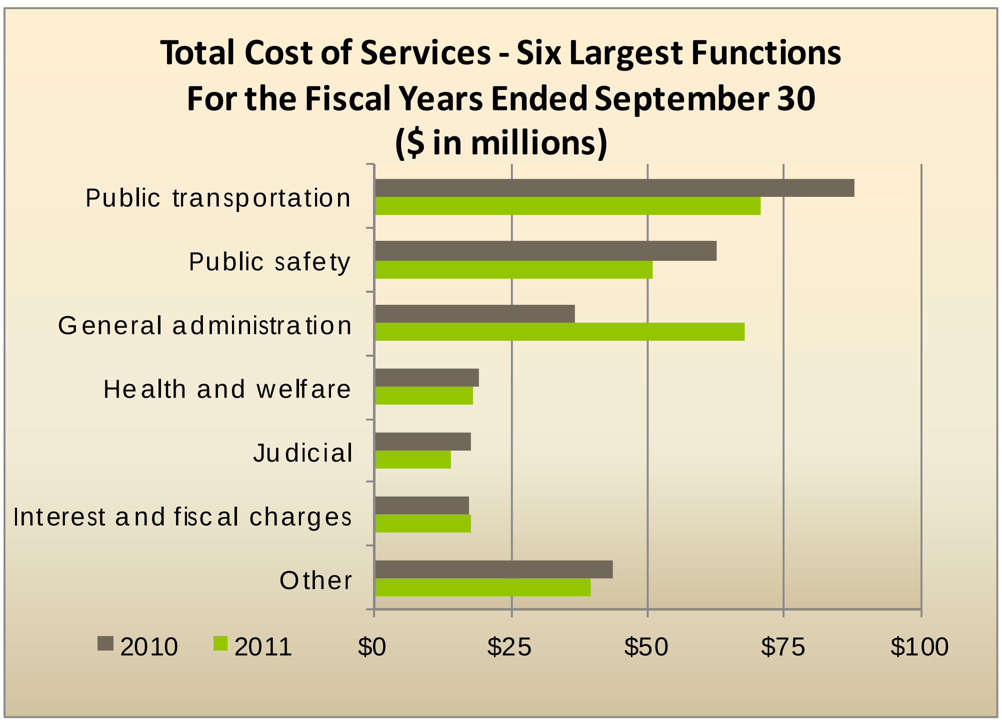
- Public safety expenses decreased from $62.5 million to $50.9 million (-18.6%).

- General administration increased, from $36.5 million to $67.7 million (85.6%). This reflects an additional payment for the County retirement plan with the Texas County and District Retirement System. The additional funding was used to pay toward the County's unpaid liability for employee retirement and to reduce the future funding required.

Summary of Changes in Net Assets
For the Fiscal Years Ended September 30
($ in thousands)

	2011		2010	
Revenues				
Program Revenues:				
Charges for services	$ 39,500		$ 38,597	
Operating grants and contributions	17,903		14,337	
Capital grants and contributions	388	$ 57,791	631	$ 53,565
General Revenues:				
Taxes	$ 173,194		$ 178,396	
Unrestricted investment earnings	1,977		2,301	
Miscellaneous	195	175,366	203	180,900
Total revenues		$ 233,157		$ 234,465
Expenses				
General administration	$ 67,690		$ 36,469	
Judicial	14,110		17,436	
Financial administration	8,822		10,754	
Legal	9,293		11,436	
Public facilities	17,040		16,981	
Equipment services	2,494		2,485	
Public safety	50,875		62,473	
Public transportation	70,789		87,757	
Health and welfare	18,075		19,088	
Culture and recreation	1,522		1,622	
Conservation	235		293	
Interest on long-term debt	17,589		17,078	
Total expenses – before transfers		278,534		283,872
Change in Net Assets		$(45,377)		$(49,407)
Net assets as of October 1, 2011 and 2010		401,360		450,767
Net assets as of September 30		$ 355,983		$ 401,360

Total Cost and Net Cost of Governmental Activities for Collin County For the Six Largest Functions by Expense For the Fiscal Years Ended September 30 ($ in thousands)				
	Total Cost of Services		Net Cost of Services	
Functions/Programs	**2011**	**2010**	**2011**	**2010**
Public transportation	$ 70,789	$ 87,757	$ 49,437	$ 70,869
Public safety	50,875	62,473	38,135	49,288
General administration	67,690	36,469	60,153	29,015
Health and welfare	18,075	19,088	11,767	12,728
Judicial	14,110	17,436	8,580	12,003
Interest and fiscal charges	17,589	17,078	17,073	16,765
Other	39,406	43,572	35,598	39,640
Total	$ 278,534	$ 283,873	$ 220,743	$ 230,308



Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This data may be particularly useful in assessing the County's requirements for additional financing. Unreserved fund balance serves as an indicator of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $306.3 million, a decrease of $51.8 million (14.5%) from the prior year.

Under GASB 54, the classifications of fund balance have changed to reflect the nature of the expected use of the amounts included in the balance. In FY 2010 (pre-GASB54), fund balance was classified as reserved and unreserved, with unreserved further divided into designated or undesignated. In FY 2011, fund balance is split into as many as five uses: nonspendable, restricted, committed, assigned, or unassigned. For Collin County, the fund balance is only categorized into nonspendable, restricted, committed or unassigned; the County does not have assigned uses of fund balance.

Governmental Funds - Total Fund Balance
as of September 30, 2011
(in thousands)

Fund Balance:				Use
Nonspendable	$	21,814	7.1%	Inventories, Toll Road, Conservation District, Animal Shelter
Restricted		142,659	46.6%	Housing Finance, Records, Road Construction, Debt Service, Special Revenues
Committed		36,605	12.0%	Health Care, Permanent Improvement, Capital Murder Cases, Special Elections, Utility price changes, Pre-trial release, Jury, Myers Park, Code Inspection
Unassigned		105,186	34.3%	General Fund, Juvenile Probation
	$	306,264	100.0%	

65.7% ($201.1 million) of fund balance of the governmental funds has been designated as nonspendable, restricted, or committed. The remaining $105.2 million is classified as unassigned and is available for spending as determined by the Commissioners Court. The unassigned fund balance can only exist in the General Fund.

General Fund

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund is $105.2 million. The total fund balance in the General Fund is $153.3 million, a decrease of $34.3 million or 18.3% from FY 2010.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare both the unassigned fund balance and total fund balance to total fund expenditures plus transfers. Total General Fund expenditures plus transfers for FY 2011 were $195.0 million. Unassigned fund balance represents 54.0% (approximately 197 days) of General Fund expenditures plus transfers; total fund balance is 78.7% (approximately 287 days) of total General Fund expenditures and transfers out for FY 2011. Key factors in the change in fund balance in the General Fund are as follows:

Revenues:

- Property tax revenues increased by $1.1 million, due to new properties added to the tax roll.
- Federal and state funds were up $0.2 million from funding in juvenile probation.
- Certain revenues previously classified as Licenses and Permits revenue reclassified to Fees and Charges for Services for FY 2011. The net change between the two revenue classifications in the General Fund was an increase of $0.3 million from County Clerk fees higher than prior year due to increasing property sales and recording of related deeds.
- Fines increased by $0.2 million in the Justice of the Peace Offices from improved collections.
- Investment earnings down $0.3 million due to lower interest earnings and low rates.
- Other revenues increased $0.2 million for commission earned by the Tax Assessor/Collector.

Expenditures:

- General administration expenses increased by $34.7 million, due to two payments ($5.0 million early in the year and an additional payment of $35.5 million at year end) made to reduce outstanding liabilities for county employee retirement benefits. Other administrative expenses not separately named totaled $0.8 million less for general administration
- Health and Welfare expenses increased by $1.2 million, primarily due to additional cost of court-appointed attorneys for indigent defendant representation.
- Capital outlay expenses increased by $8.6 million from the addition of the new Courthouse addition for the district clerk, district attorney and county courts consolidation.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary fund responsible for maintaining county roads. At the end of FY 2011, fund balance of the General Road and Bridge Fund was $17.1 million, a decrease over FY 2010 of $2.1 million, or 10.9% lower. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

In FY 2005, Collin County began a program to convert all rock roads to asphalt to reduce dust and to increase the useful life of the road. The program is geared to convert the roads at a rate of 50 miles per year. The County completed 37 miles in FY 2010. At the end of FY11, the County had resurfaced 321 miles of roads, or an average of 46 miles per year, slightly behind the goal.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

- Road and Bridge Fund revenues declined by $3.9 million in FY 2011:
  - Property taxes were not allocated to the Fund as they were in FY 2010, requiring the use of fund balance; taxes dropped by $4.3 million in FY 2011.
  - In FY 2010, Licenses and Permits were reported with Fees and Charges for Services. These two categories were separated in FY 2011. The net increase of FY 2011 over 2010 totaled $1.0 million. The increase is attributed to higher collections from the Justice of the Peace, County, and District Courts for moving violations and other crimes on public highways.
  - Federal and state fund revenues decreased by $0.2 million from FY 2010, due to lower collections for licenses plate renewals.
  - Fines and forfeitures were lower by $0.2 million in FY 2011 over FY 2010 due to a decrease in title fees collected.
  - Interest and miscellaneous revenues decreased by $0.2 million over FY 2010.

- Road and Bridge Fund expenditures increased by $1.2 million from FY 2010 to FY 2011:
  - Road construction and maintenance expenditures increased in FY 2011 by $0.6 million.
  - Capital outlay expenditures increased in FY 2011 by $0.6 million, primarily due to automotive equipment purchased to modernize the fleet using more economical vehicles.

<u>Health Care Foundation Fund</u>

The Health Care Foundation Fund was created after the sale of the hospital district in the early 1980s. The proceeds of the sale were used to create investment earnings that, together with the charges for services and federal and state funding, are used to provide health care to indigent county residents. A portion of the funds from the sale have been used to purchase real property for rental to other county agencies, as well as to non-related third parties. The rental revenue is a fairly steady source of income that provided 67.9% of the funding for the Health Care Foundation Fund in FY 2011. Fund balance was lower by $1.7 million in FY 2011; key factors in the change in fund balance in the Health Care Foundation Fund were:

- Expenditures exceeded revenues in FY 2011 by $1.6 million.
  - FY 2011 revenues were almost identical to FY 2010 revenues, with FY 2011 being only $2,779 below FY 2010 revenues.
  - Expenditures were $1.3 million lower in FY 2011, with decreases in salaries and benefits ($0.1 million); indigent in-patient hospital care increased ($0.8 million); and indigent outpatient hospital care increased ($0.4 million.)

Budgetary Highlights

The legal level of budgetary control for the General Fund is the level at which the budget is adopted; that is, the budget is adopted by department and in total according to three major categories:

- Salaries and benefits;
- Maintenance and operating; and
- Capital purchases.

With the changes brought about from the implementation of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund for reporting purposes now includes 12 other funds, as noted above, plus the General Fund. The final amended budget for expenditure appropriation was $212.2 million, or $35.7 million higher than the original approved budget of $176.5 million. Actual expenditures for FY 2011 were $194.0 million, or 8.6% less than the final amended budget.

General Fund revenues for FY 2011 were higher than the final budget by $2.8 million:

- Taxes were higher than the final budget by $0.5 million
- Licenses and permits were higher by $0.1 million
- Federal and state funds were higher by $0.2 million
- Fees and Charges for Services were higher by $0.6 million
- Fines and forfeitures were higher by $0.2 million
- Rental revenues were lower by $0.1 million
- Interest was higher than budget by $0.9 million
- Miscellaneous revenues were higher by $0.3 million

The General Fund is the primary source for expenditures related to the overall operation and administration of the County. In fiscal year 2011, there were several functions that contributed to actual expenditures being $18.2 million lower than budgeted expenditures. They include:

- General administration was lower than budget by $8.4 million, due to:
  - Actual expenses for the County Clerk were $0.6 million below budgeted expenditures:
    - Salaries and benefits - $0.1 million
    - Maintenance and operating - $0.5 million for archive and restoration activities, consultants, and other materials.
  - Actual expenses for Non-Departmental activities were lower than budgeted by $6.2 million, due to:
    - Salaries and benefits - $0.2 million in temporary full-time staff and overtime not required
    - Maintenance and operating - $6.0 million, primarily for:
      - Legal - $0.3 million
      - OPEB Funding - $3.5 million, due to the County evaluating OPEB liabilities under GASB 45 and eliminating subsidized post-employment benefits for retirees

        - Computer maintenance - $0.2 million
        - Software maintenance - $0.3 million
        - Phone system maintenance - $1.0 million
        - TIF Zone Participation – ($0.1 million)
        - Program contingency - $0.3 million
  - Actual expenses for Non-Departmental activities were lower than budget by $0.3 million for non-capitalized computer equipment
  - Actual expenses for Information Technology activities were lower than budget by $0.3 million, due to:
    - Salaries and benefits - $0.1 million
    - Maintenance and operating - $0.2 million for consultants
  - Actual expenses for Telecommunication activities were lower than budget by $0.5 million, due to:
    - Maintenance and operating:
      - $0.3 million for phone services
      - $0.1 million for cellular services
      - $0.1 million for consultants

- Judicial actual expenses were lower than budget by $0.3 million, due to lower expenses for jury duty after the state lowered the second and subsequent days service payment.

- Financial administration actual expenditures were lower than budget by $0.3 million, due to employee costs, and related benefits in the Texas Assessor/Collector office not spent.

- Legal actual expenses for the District Attorney office were lower than budget by $0.5 million, due to:
  - Salaries and benefits lower than budgeted by $0.4 million
  - Maintenance and operating expenses were lower than budget by $0.1 million, due to lower trial and witness costs and library books

- Public facilities expenses were lower than budget by $0.4 million, primarily due to:
  - $0.5 million under budget caused by lower facility building and parking lot maintenance costs and cleaning service costs in all buildings
  - $0.4 million over budget in electricity and water utility costs
  - $0.2 million under budget in gas utility costs
  - $0.1 million under budget for space rental costs

- Equipment services expenses were lower than budget by $0.3 million, due to:
  - $0.1 million under budget for heavy equipment repair
  - $0.1 million under budget for vehicle reconditioning expenses to extend vehicle useful life
  - $0.1 million auto maintenance costs, primarily due to changeover to new energy efficient vehicles

- Public safety expenses were lower than budget by $0.3 million, due to:
  - $0.2 million under budget for lower food costs and detention supplies in Minimum Security

    - $0.1 million under budget for uniform and medical costs in the Juvenile Detention office

- Health and welfare expenses were $1.2 million lower than budget due to lower than budgeted expenditures for mental health and retardation and inmate health care services.
    - $0.6 million under budget for inmate health infirmary expenses
    - $0.6 million under budget for reduced payments for mental health-mental retardation

- Capital outlay expense, which is presented separately from the functional activities, is $5.1 million below budget, due to:
    - Non-departmental expenses of $0.6 million for capital expenses:
        - $0.3 million for budgeted Non-Departmental Capitalized Computer Hardware expenditures not spent
        - $0.1 million for Information Technology Capitalized Computer Equipment expense lower than budget
        - $0.2 million for Telecommunication Computer Equipment lower than budget
    - Public Facility expenses of $4.1 million in Permanent Improvement expenses:
        - $0.1 million in lower building improvement expenses
        - $1.1 million in lower building construction expenses
        - $0.1 million in budgeted consultant expenses not used
        - $0.2 million in other improvement expenses budgeted and not spent
        - $1.4 million in office equipment not purchased
        - $0.1 million in building maintenance not required
        - $1.1 million in program contingency not required to be spent
    - Equipment services expenses of $0.3 million for automotive equipment purchases not made

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for governmental activities (including business-type activities), net of accumulated depreciation at September 30, 2011, was $450.4 million, an increase of $24.5 million. Detail by type of activity and asset is summarized below.

Major changes for FY 2011 are:

- Added right of way for planned road construction to land: $0.3 million.
- Additions to buildings: $37.5 million for courthouse addition.
- Added purchases of $6.4 million to Machinery and Equipment; purchases were offset by $0.8 million in items written off when sold as surplus.
- Infrastructure increased by $8.9 million for road construction.
- Construction in Progress decreased by $7.3 million, due to completion of the courthouse addition to house the county courts and expand the District Clerk and District Attorney operations.
- Accumulated Depreciation includes $0.7 million in reductions due to surplus items sold and depreciation expense for 2010 of $21.2 million – a net change of $20.5 million.

Capital Assets of Governmental Funds
As of September 30
($ in thousands)

	2011	2010
Land	$ 30,680	$ 30,351
Buildings and system	262,365	224,892
Improvements other than buildings	6,377	6,377
Machinery and equipment	58,272	52,680
Infrastructure	275,452	266,579
Construction in progress	16,988	24,246
Total capital assets	650,134	605,125
Less: accumulated depreciation	(199,744)	(179,218)
Total capital assets	$ 450,390	$ 425,907

Long-term Debt

At September 30, 2011, the County had $387.6 million in outstanding debt, an increase of $3.8 million (1.0%).

In FY 2011, the County:

- Paid $26.7 million in debt service and $16.7 million in interest costs for debt.
- Refunded certain outstanding debt to take advantage of lower interest rates; additional costs to refund debt included $0.3 million in bond issuance costs and $1.9 million in advance refunding escrow payments.
- From the Build America Bonds issued in FY 2009, the County received an interest rate subsidy from the federal government in the amount of $0.2 million.

Outstanding Long-term Debt
As of September 30
($ in thousands)

	2011	2010
General obligation bonds and tax notes issued for:		
Roads	$ 178,732	$ 175,203
Refunding prior debt	95,777	78,176
Permanent improvements	50,335	50,544
New courts facility/courthouse	56,596	60,042
Touch-screen voting/web project	-	1,000
Outdoor youth camp	1,250	9,745
Software	4,890	9,095
	$ 387,580	$ 383,805

Additional information on capital asset activity and long-term debt activity can be found in the notes to the financial statements. A discussion of capital assets and long-term debt is included in "Section I. Summary of Significant Accounting Policies, sub-section (d) Assets, Liabilities, and Net Assets or Equity, Item 5 for Capital Assets and Item 7 for Long-Term Obligations." Detailed notes on capital assets can be found in "Section IV. Detailed Notes on All Funds, sub-section (e) Capital Assets" in the notes to the financial statements. Detailed notes on long-term debt can be found in "Section III. Detailed Notes on All Funds, sub-section (f) Long-term Debt."

Economic Factors

The following economic factors are reflected in the FY 2011 General Fund and other budgets:

- The percentage decrease in real property assessed value for FY 2011 was 2.3% (FY 2010 increase was 0.2%).
- The average unemployment rate in Collin County for 2011 was 7.6% (7.2% in 2010).
- Tax receipts for FY 2011 were $171.4 million, which is $4.1 million (2.5%) lower than FY 2010 tax receipts of $175.5 million.

After experiencing a drop in taxable assessed value in 2009, the County has added to its taxable assessed value in FY 2011 with an increase over FY 2010 of 2.4%. The challenges created by the economic slowdown of the last three years required a new vision and a new approach for the County.

Although lower than the state and national unemployment, the loss of jobs and resulting lower property value growth has finally affected the local economy. The economic slowdown is reflected in the decrease in the property assessed value.

Even with the recession, Collin County maintains its tradition of quality living outside of the mainstream of traffic and other issues associated with the Dallas-Fort Worth metroplex. The County remains a very attractive place for relocation. With a local unemployment rate at 7.6%, which is lower than the rate for Texas, the County is sought after by major corporations looking to relocate offices, as the County has a large and stable professional workforce.

During the fiscal year ended September 30, 2011, an average of 1,194 people moved into the County each month; this is an average of 39 persons per day. In FY 2011, Collin County maintained its position of the 5th fastest growing county in the country; two of its cities, McKinney and Frisco, were recognized as two of the top 10 cities in the nation. The growth continues to provide challenges in keeping up with roads and other infrastructure needs.

The 2010 Census was released for Texas in February, 2011, and showed the County population at 782,341 as of April 1, 2010. The 2010 Census is a 196% increase over the 1990 census of 264,036, and a 59% increase over the 2000 census of 491,772. The estimated population due to additional growth after April 1, 2010 is 801,740 at September 30, 2011.

The County is a member of the North Central Texas Council of Governments, along with 15 other counties in the area. The Council is a voluntary association established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. For example, Mobility 2035 is a master transportation plan updated annually by the association members to address the needs of both rural and urban counties in the area.

The Dallas North Tollway opened a six-lane divided toll road between State Highway 121 and U.S. Highway 380 in FY 2009; frontage roads for the extension of the Tollway north to the county line have been built. The Dallas North Tollway, when completed, will provide a major highway from Grayson County to the north through Collin County to Dallas. Extensive commercial development continues along the North Dallas Tollway, and provides a major source of employment for Collin County residents.

State Highway 121 is the primary link between McKinney, the County seat, and Dallas-Fort Worth International Airport. Construction on expanding this two-lane road to relieve traffic congestion began in 2005 by building frontage roads and grade separations. The County sold the rights in 2009 to toll State Highway 121 to the North Texas Toll Authority, which also operates the Dallas North Tollway. The Highway 121 toll road was dedicated in FY 2011 and now provides easy access to the DFW International Airport, Fort Worth and points west.

In FY 2009, the County created the Collin County Toll Road Authority (CCTRA) for the purpose of building and operating a 56-mile toll road along the northern and eastern boundaries of the County. The toll road will connect Interstate 35 with Interstate 30 and allow traffic to loop around the Dallas-Fort Worth metroplex. The toll road is to be built in six phases, with completion of the final phase expected in 2030.

Currently under construction is the portion of the toll road connecting U.S. Highway 75 and State Highway 121. This area of the County is experiencing rapid growth. Frontage roads are being built first, with main lanes expected to be completed by 2014. CCTRA has also begun construction on the frontage roads to connect the Dallas North Tollway and State Highway 289 (Preston Road). The next phase will continue the toll road past State Highway 289 to U.S. Highway 75. Planning and purchases of land for right of way are on-going for the remaining phases.

The rights fee will continue to fund road construction for years to come. The State and County, along with the major cities in the County that contain portions of the roadway, have identified the projects and are in the process of completing time schedules and establishing priorities for various road and bridge projects.

Budgeted revenues in FY 2012 are $264.8 million, an increase of 13.5% over FY 2011 actual revenues of $233.3 million. Property taxes account for the bulk of receipts, as 65.3% of the budgeted revenues for FY 2012 are from property taxes.

Budgeted appropriations for FY 2012, which include expenditures and transfers out, total $264.9 million. The General Fund appropriations total $146.8 million, or 55.4% of the total. Debt service is $43.9 million (16.6% of the total) and other funds, primarily capital project funds, total $74.2 million, or 28.0% of the total.

There are several significant events expected to have an impact in FY 2012 and beyond:

Work on the Collin County Toll Road, also mentioned above, has started, with planning and engineering, as well as right of way acquisition and construction of phase 3, on-going. This multi-decade project of six phases will connect Interstate Highway 35 north of the Dallas-Fort Worth metroplex and Interstate Highway 30 east of the metroplex. Completion of the Toll Road is expected in 2030 for all sections.

Health care for indigent residents of Collin County is a major economic consideration for the County. Grants to community agencies that began in 2008 and continued in 2011 have helped the county to provide preventative and minor medical care in cities where the indigent population is located. Reduced federal and state funding for medical care has contributed to the increasing demands on County resources to provide the same level of services offered in prior years. The Health Care Task Force continues to work with local providers and the County to ensure appropriate recommendations and decisions concerning the future availability of service and care.

With the demands on county services for infrastructure and health care, the effect of the economic downturn on assessed property values may strain the County's ability to provide adequate revenues to support basic services. The County conservatively manages its resources, using cost containment practices ranging from performance programs to position savings to other ways to reduce or eliminate non-performing programs. As of September 30, 2011, the unassigned fund balance for the General Fund was $104.7 million; this is 71.3% of budgeted General Fund expenditures for FY 2012. Management has placed the County in sound financial position to mitigate the current economic uncertainty. As such, the County shall continue to closely monitor its expenditures to ensure taxpayer dollars are spent wisely and in accordance with sound fiscal management policies.

In November 2007, voters approved a county bond proposal to voters for new funding for facilities, roads and open space. The proposed funding was for a total of $328.9 million, with $235.6 million for roads, $76.3 million for facilities, and $17.0 million for open space. The second sale of bonds was in September, 2009. Overall there were 15 road projects included in the bond proposal. Many road projects require local participation, with the sponsoring city paying 50% and the county paying 50%. When completed, the road will pass to the city for maintenance and operations, while the county will pay the debt incurred by the County to build the road. The County did not issue any bonds in FY 2010, but did issue bonds in November, 2010 (FY 2011), to refund existing debt from five previous bond issuances; the effect is to reduce the overall interest to be paid. Those bonds were strictly for refunding and did not include any new bonds for construction or other projects.

The facilities bonds passed in FY 2009 were primarily to fund two county facilities: 50% of the phase 2 expansion of the county courthouse (phase 1 was completed in July, 2007) and construction of a new juvenile alternative education facility. The expansion of the courthouse will provide additional court administration offices as well as creating courtrooms for the county courts, which will relocate to the site when the expansion is complete. This Phase 2 expansion is estimated to cost $47 million; construction should be completed in 2012. The balance of the Phase 2 expansion funding is expected to come from fund balance, with no additional debt required.

Bond proceeds from the open space bonds approved in FY 2009 were distributed in 2010 and 2011 to be used to acquire land for construction and improvements for parks and recreational facilities within the County. With the County providing 50% of funding and the cities or non-profit organizations matching that amount, county funding is leveraged to improve the quality of life for county residents. A portion of the funds will be used to continue the "Six Cities Trail Plan," created to link the hiking and biking paths in the cities of Allen, Frisco, Garland, McKinney, Plano and Richardson, and to expand it into a regional plan.

The County recognized its need to upgrade its financial software, including all sub-systems, and in FY 2011 reviewed vendor responses to business requirements and selected a vendor. The County is in the process of implementing the new financial system and expects it to be on-line and in use by October 1,

2012. Integration problems between existing payroll software, justice software and financial software are being resolved with the implementation of the new enterprise software.

The County has now completed implementation of a performance-based pay system for employees. This project will generate long-term benefits by compensating employees according to performance of assigned goals.

The County began in FY 2006 a partnership with 11 other large counties to customize and implement a new case management software system. This is a multi-year project, with specific groups being implemented over a five year period. The sheriff's office and jail administration were completed in December 2010.

- Probate court implemented February 2007
- Civil courts came on-line March 2008
- Justice of the peace courts implemented July 2009
- Configuration testing in process for criminal courts module, sheriff's office and jail administration

The tax rate for FY 2012 was maintained at the FY 2010 tax rate of $0.24/$100 of valuation. This is the lowest tax rate of any county in Texas. The expected growth of the County and related increases in property values should be sufficient for the time being to fund County operations. Collin County will use its existing fund balance reserves to make up any revenue shortfalls. However, fiscal pressure from rising health care costs, demand for constituent services, and costs of road construction may cause the County to have to adjust the tax rate in the future.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Mr. Jeff May, County Auditor/Chief Financial Officer, at 2300 Bloomdale Road, Suite 3100, McKinney, TX 75071.

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BASIC
FINANCIAL STATEMENTS

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COLLIN COUNTY, TEXAS

Statement of Net Assets

September 30, 2011

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Cash and cash equivalents	$ 126,349,413	$ 2,316,648	$ 128,666,061	$ 171,604
Investments	191,776,109	-	191,776,109	-
Receivables (net of allowance for uncollectibles)	8,620,235	-	8,620,235	-
Internal balances	17,037,815	(17,037,815)	-	-
Inventories	3,342,858	-	3,342,858	-
Deferred charges	2,561,019	-	2,561,019	-
Deferred contributions	10,659,009	-	10,659,009	-
Capital assets (net of accumulated depreciation):				
Land	21,618,453	9,061,859	30,680,312	-
Buildings and system	190,867,863	-	190,867,863	-
Improvements other than buildings	3,978,047	-	3,978,047	-
Machinery and equipment	23,861,963	-	23,861,963	-
Infrastructure	184,013,919	-	184,013,919	-
Construction in progress	11,221,963	5,766,377	16,988,340	-
Total assets	795,908,666	107,069	796,015,735	171,604
Liabilities:				
Accounts payable and other current liabilities	15,000,414	47,733	15,048,147	160,241
Due to other governments	156,180	-	156,180	-
Unearned revenue	12,216,658	-	12,216,658	-
Noncurrent liabilities:				
Due within one year	34,500,098	-	34,500,098	-
Due in more than one year	378,052,975	-	378,052,975	-
Total liabilities	439,926,325	47,733	439,974,058	160,241
Net assets:				
Invested in capital assets, net of related debt	194,172,874	14,828,236	209,001,110	-
Restricted for:				
Debt service	1,812,620	-	1,812,620	-
Health Care Foundation	9,299,826	-	9,299,826	-
Meyers Park Foundation	31,067	-	31,067	-
Grant programs	6,302,419	-	6,302,419	-
Unrestricted	144,363,535	(14,768,900)	129,594,635	11,363
Total net assets	$ 355,982,341	$ 59,336	$ 356,041,677	$ 11,363

The notes to the financial statements are an integral part of this statement.

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COLLIN COUNTY, TEXAS

Statement of Activities

For the Fiscal Year Ended September 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Government activities:								
General administration	$ 67,690,144	$ 7,338,754	$ 189,827	$ 8,853	$(60,152,710)	$ -	$(60,152,710)	
Judicial	14,109,924	4,824,277	705,831	-	(8,579,816)	-	(8,579,816)	
Financial administration	8,821,845	2,799,714	144,464	-	(5,877,667)	-	(5,877,667)	
Legal	9,292,969	299,332	118,974	-	(8,874,663)	-	(8,874,663)	
Public facilities	17,040,033	267,620	1,200	-	(16,771,213)	-	(16,771,213)	
Equipment services	2,494,730	111	-	-	(2,494,619)	-	(2,494,619)	
Public safety	50,874,877	8,974,595	3,558,255	207,484	(38,134,543)	-	(38,134,543)	
Public transportation	70,789,320	13,941,876	7,401,981	8,000	(49,437,463)	-	(49,437,463)	
Health and welfare	18,074,594	513,488	5,630,398	163,344	(11,767,364)	-	(11,767,364)	
Culture and recreation	1,521,696	24,375	152,262	-	(1,345,059)	-	(1,345,059)	
Conservation	235,128	-	-	-	(235,128)	-	(235,128)	
Interest and fiscal charges	17,588,985	515,635	-	-	(17,073,350)	-	(17,073,350)	
Total government activities	278,534,245	39,499,777	17,903,192	387,681	(220,743,595)	-	(220,743,595)	
Business-type activities:								
Toll Road Authority	$ -	$ 4,000	$ 38,500	$ -	-	42,500	42,500	
Total business-type activities	-	4,000	38,500	-	-	42,500	42,500	
Total primary government	$ 278,534,245	$ 39,503,777	$ 17,941,692	$ 387,681	(220,743,595)	42,500	(220,701,095)	
Component unit:								
Health and welfare	$ 31,927	$ -	$ -	$ -				$(31,851)
Total component unit	$ 31,927	$ -	$ -	$ -				(31,851)
General revenues								
Property taxes					170,774,229	-	170,774,229	-
Mixed beverage tax					2,419,396	-	2,419,396	-
Unrestricted investment earnings					1,977,093	3,201	1,980,294	-
Miscellaneous					195,152	-	195,152	-
Total general revenues					175,365,870	3,201	175,369,071	-
Change in net assets					(45,377,725)	45,701	(45,332,024)	(31,851)
Net assets - beginning of year					401,360,066	13,635	401,373,701	43,214
Net assets - end of year					$ 355,982,341	$ 59,336	$ 356,041,677	$ 11,363

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2011

Assets	General Fund	General Road and Bridge	Health Care Foundation	RTR - Wylie
Cash and cash equivalents	$ 39,359,188	$ 4,916,144	$ 1,459,836	$ 4,204,294
Investments	102,284,291	9,969,683	8,001,724	-
Receivables:				
Taxes (net of allowance for uncollectibles)	2,399,476	41,598	-	-
Fines and fees	1,290,948	757,380	-	-
Due from other governments	1,103,415	292,285	-	-
Due from other funds	1,014,281	-	-	-
Advance to other funds	16,816,388	-	-	-
Interest	154,879	-	-	-
Miscellaneous	375,323	130,586	5,376	-
Inventories	565,447	2,777,411	-	-
Total assets	$ 165,363,636	$ 18,885,087	$ 9,466,936	$ 4,204,294
Liabilities				
Accounts payable	$ 3,008,863	$ 731,484	$ 73,578	$ -
Payroll related costs payable	5,510,964	212,167	68,364	-
Lease deposits payable	-	-	25,168	-
Due to other governments	153,731	4	-	-
Due to other funds	-	-	-	-
Deferred revenue	1,458,051	757,380	-	4,204,294
Deferred tax revenue	1,886,766	48,714	-	-
Total liabilities	12,018,375	1,749,749	167,110	4,204,294
Fund balances				
Reserved for:				
Nonspendable	17,681,835	2,777,411	-	-
Restricted	3,172,334	14,357,927	-	-
Committed	27,305,618	-	9,299,826	-
Unassigned	105,185,474	-	-	-
Total fund balances	153,345,261	17,135,338	9,299,826	-
Total liabilities and fund balances	$ 165,363,636	$ 18,885,087	$ 9,466,936	$ 4,204,294

The notes to the financial statements are an integral part of this statement.

RTR - Outer Loop Phase 3	Debt Service	2003 Road Bond	2007 Road Bond	Other Governmental Funds	Total
$ 4,229,751	$ 1,660,816	$ 9,311,299	$ 13,135,920	$ 37,224,655	$ 115,501,903
4,501,378	-	18,057,847	35,850,870	11,935,249	190,601,042
-	888,200	-	-	247	3,329,521
-	-	-	-	-	2,048,328
-	-	-	-	1,047,686	2,443,386
-	-	-	-	-	1,014,281
-	-	14,499	-	1,340,558	18,171,445
-	-	-	-	-	154,879
-	-	-	-	131,145	642,430
-	-	-	-	-	3,342,858
$ 8,731,129	$ 2,549,016	$ 27,383,645	$ 48,986,790	$ 51,679,540	$ 337,250,073
$ 1,161,422	$ -	$ 270,598	$ 60,956	$ 1,690,224	$ 6,997,125
-	-	-	-	94,839	5,886,334
-	-	-	-	-	25,168
-	-	-	-	2,445	156,180
-	-	-	-	869,693	869,693
7,569,707	-	-	-	389,996	14,379,428
-	736,396	-	-	247	2,672,123
8,731,129	736,396	270,598	60,956	3,047,444	30,986,051
-	-	14,499	-	1,340,558	21,814,303
-	1,812,620	27,098,548	48,925,834	47,291,538	142,658,801
-	-	-	-	-	36,605,444
-	-	-	-	-	105,185,474
-	1,812,620	27,113,047	48,925,834	48,632,096	306,264,022
$ 8,731,129	$ 2,549,016	$ 27,383,645	$ 48,986,790	$ 51,679,540	$ 337,250,073

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COLLIN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
September 30, 2011

Total fund balances – governmental funds		$ 306,264,022
Amounts reported for governmental activities in the statement of net assets are different because:		
Bond issuance costs for the sale of bonds are expenditures in the funds but are amortized over the life of the bonds in government-wide statements.		2,561,019
Capital project construction payments made to construct assets owned by other local governments.		10,659,009
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets (net of accumulated depreciation) consist of:		
Land	$ 21,618,453	
Buildings and systems	188,518,509	
Improvements other than buildings	3,978,047	
Machinery equipment	23,853,937	
Infrastructure	184,013,919	
Construction in progress	11,221,963	
Total capital assets		433,204,828
Some amounts deferred in the funds were recorded in a different fiscal year than the current year:		
Special assessment for road construction in the prior year that is deferred to a future period is included in the funds.	114,442	
Fines and fees earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.	2,048,328	
Property taxes earned in the current fiscal year but are not available to provide for current financial resources, and therefore are deferred in the funds.	2,672,123	
Total deferred revenues		4,834,893
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		8,725,525
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Interest payable	(2,031,723)	
Bonds, notes and loans payable	(387,580,044)	
Compensated absences	(6,649,987)	
Unamortized bond premiums	(14,005,201)	
Total liabilities		(410,266,955)
Net assets of governmental activities		$ 355,982,341

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	General	General Road and Bridge	Health Care Foundation	RTR - Wylie
Revenues:				
Taxes:				
Property	$ 131,828,854	$ -	$ -	$ -
Licenses and permits	314,052	1,431	-	-
Federal and state funds	6,379,302	-	104,116	36,601
Fees and charges for services	17,054,849	12,842,972	269,773	-
Fines and forfeitures	1,992,671	1,819,075	-	-
Other local government funds	-	-	-	-
Rental	170,184	-	1,163,911	-
Interest	2,117,949	194,336	168,431	-
Miscellaneous	762,501	297,943	6,880	-
Total revenues	160,620,362	15,155,757	1,713,111	36,601
Expenditures:				
Current:				
General administration	63,529,742	-	-	-
Judicial	14,954,776	-	-	-
Financial administration	10,093,805	-	-	-
Legal	10,465,059	-	-	-
Public facilities	10,159,746	-	312,863	-
Equipment services	2,094,787	-	-	-
Public safety	57,793,126	-	-	-
Public transportation	-	16,285,621	-	-
Health and welfare	12,011,123	-	2,973,070	-
Culture and recreation	1,028,684	-	-	-
Conservation	278,096	-	-	-
Capital outlay	11,600,278	1,053,634	78,365	36,601
Debt service:			-	
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total expenditures	194,009,222	17,339,255	3,364,298	36,601
Excess (deficiency) of revenues over (under) expenditures	(33,388,860)	(2,183,498)	(1,651,187)	-
Other financing sources (uses):				
Transfers in	25,557	-	425	-
Transfers out	(1,001,263)	-	-	-
Sale of assets	20,353	92,000	-	-
Debt issuance	-	-	-	-
Refunding escrow payments	-	-	-	-
Premium (discount) on sale of bonds	-	-	-	-
Total other financing sources (uses)	(955,353)	92,000	425	-
Net change in fund balances	(34,344,213)	(2,091,498)	(1,650,762)	-
Fund balances – beginning	187,689,474	19,226,836	10,950,588	-
Fund balances – ending	$ 153,345,261	$ 17,135,338	$ 9,299,826	$ -

The notes to the financial statements are an integral part of this statement

RTR - Outer Loop Phase 3	Debt Service	2003 Road Bond	2007 Road Bond	Other Governmental Funds	Total
$ -	$ 39,568,030	$ -	$ -	$ 5,166	$ 171,402,050
-	-	-	-	-	315,483
4,450,022	308,884	-	-	7,352,531	18,631,456
-	-	-	-	3,159,515	33,327,109
-	-	-	-	86,603	3,898,349
-	-	-	-	63,735	63,735
-	-	-	-	-	1,334,095
-	206,752	271,383	285,479	295,458	3,539,788
-	-	-	15,843	235,892	1,319,059
4,450,022	40,083,666	271,383	301,322	11,198,900	233,831,124
-	-	-	-	1,037,155	64,566,897
-	-	-	-	1,350,322	16,305,098
-	-	-	-	-	10,093,805
-	-	-	-	187,123	10,652,182
-	-	-	-	33,342	10,505,951
-	-	-	-	-	2,094,787
-	-	-	-	628,879	58,422,005
-	-	-	-	2,733,166	19,018,787
-	-	-	-	3,505,938	18,490,131
-	-	-	-	3,262	1,031,946
-	-	-	-	-	278,096
4,450,022	-	15,129,035	8,248,592	21,036,524	61,633,051
-	26,685,000	-	-	-	26,685,000
-	16,682,967	-	-	-	16,682,967
-	307,586	-	-	-	307,586
-	1,940,678	-	-	-	1,940,678
4,450,022	45,616,231	15,129,035	8,248,592	30,515,711	318,708,967
-	(5,532,565)	(14,857,652)	(7,947,270)	(19,316,811)	(84,877,843)
-	629,000	-	-	549,609	1,204,591
-	-	-	-	(193,404)	(1,194,667)
-	-	-	-	-	112,353
-	22,930,000	-	28,490,000	2,100,000	53,520,000
-	(23,060,000)	-	-	-	(23,060,000)
-	2,419,246	-	-	-	2,419,246
-	2,918,246	-	28,490,000	2,456,205	33,001,523
-	(2,614,319)	(14,857,652)	20,542,730	(16,860,606)	(51,876,320)
-	4,426,939	41,970,699	28,383,104	65,492,702	358,140,342
$ -	$ 1,812,620	$ 27,113,047	$ 48,925,834	$ 48,632,096	$ 306,264,022

COLLIN COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds to the
Statement of Activities

For the Year Ended September 30, 2011

Net change in fund balances – governmental funds		$(51,876,320)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	$ 47,119,859	
Capital assets decreases	(31,788,750)	
Depreciation expense for all capital assets	(21,048,571)	
Total change in capital assets activity		(5,717,462)
Bond proceeds provide current financial resources. However, in the statement of activities, some items do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Debt issuance and refunding increases long-term debt in statement of net assets.	(53,520,000)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	49,745,000	
Bond issuance fees and bond premiums require the use of current financial resources but are amortized over the life of the bond in the statement of activities.	(1,269,338)	
Total long-term debt		(5,044,338)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service funds is reported with the governmental activities.		(1,148,448)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds. The change in these revenues are as follows:		
Property taxes	(632,986)	
Fines and forfeitures	(194,480)	
Total changes in revenues		(827,466)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in these expenditures are as follows:		
Interest owed but not yet paid	162,046	
Arbitrage payable	30,292	
OPEB obligation	19,070,838	
Compensated absences	(26,867)	
Total changes in long-term liabilities		19,236,309
Change in net assets of governmental activities		$(45,377,725)

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Proprietary Funds

September 30, 2011

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	$ 2,316,648	$ 10,847,510
Investments	-	1,175,068
Receivables:		
Miscellaneous receivables	-	1,690
Total current assets	2,316,648	12,024,268
Capital assets (net of accumulated depreciation):		
Land	9,061,859	-
Buildings and systems	-	2,349,354
Machinery and equipment	-	8,026
Construction in progress	5,766,377	-
Total capital assets	14,828,236	2,357,380
Total assets	17,144,884	14,381,648
Liabilities:		
Current liabilities:		
Accounts payable	47,733	2,411,087
Payroll payable	-	27,429
Claims payable	-	1,939,389
Due to other funds	-	144,588
Total current liabilities	47,733	4,522,493
Noncurrent liabilities:		
Advance from other funds	17,037,815	1,133,630
Total liabilities	17,085,548	5,656,123
Net assets:		
Invested in capital assets	14,828,236	2,357,380
Unrestricted	(14,768,900)	6,368,145
Total net assets	$ 59,336	$ 8,725,525

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended September 30, 2011

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Operating revenues:		
Premiums	$ -	$ 22,724,122
Charges for services	-	1,308,414
Other	-	1,585,582
Total operating revenues	-	25,618,118
Operating expenses:		
Administration	-	3,795,672
Benefits	-	22,872,984
Depreciation	-	182,776
Total operating expenses	-	26,851,432
Operating income	-	(1,233,314)
Non-operating revenues (expenses):		
Rental revenues	4,000	-
Donations	38,500	-
Interest income	3,201	84,866
Total non-operating revenues (expenses)	45,701	84,866
Change in net assets	45,701	(1,148,448)
Total net assets – beginning	13,635	9,873,973
Total net assets – ending	$ 59,336	$ 8,725,525

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2011

	Business-type Activities – Collin County Toll Road Authority	Governmental Activities – Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	$ -	$ 24,105,610
Insurance recovery	-	1,624,390
Administration costs	-	(3,935,172)
Benefits paid	-	(23,176,599)
Net cash used by operating activities	-	(1,381,771)
Cash flows from capital financing activities:		
Purchases of capital assets	(129,497)	-
Net cash used by capital financing activities	(129,497)	-
Cash flows from investing activities:		
Sale (purchase) of investment	-	3,463,728
Advance from other funds	9,923	-
Rental revenues	4,000	-
Donations	38,500	-
Interest income	3,201	84,866
Net cash provided by investing activities	55,624	3,548,594
Net increase (decrease) in cash and cash equivalents	(73,873)	2,166,823
Cash and cash equivalents – October 1, 2010	2,390,521	8,680,687
Cash and cash equivalents – September 30, 2011	$ 2,316,648	$ 10,847,510
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating loss	$ -	$(1,233,314)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	-	182,776
Change in intergovernmental receivable	-	111,881
Change in accounts payable	-	(307,526)
Change in payroll payable	-	3,231
Change in due to other funds	-	144,588
Change in advance from other funds	-	(283,407)
Total adjustments	-	(148,457)
Net cash used in operating activities	$ -	$(1,381,771)

The notes to the financial statements are an integral part of this statement.

COLLIN COUNTY, TEXAS

Statement of Net Assets

Fiduciary Funds

September 30, 2011

Assets		
Cash and cash equivalents	$	27,048,720
Investments		9,820,756
Assets held as security deposits		3,201,623
Receivables:		
Miscellaneous receivables		348,737
Total assets	$	40,419,836
Liabilities		
Due to other governments	$	7,360,251
Due to others/vouchers payable		30,647,441
Cash bonds outstanding		2,332,952
Cost deposits outstanding		79,192
Total liabilities	$	40,419,836

The notes to the financial statements are an integral part of this statement.

NOTES TO THE
FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments to the degree possible given current restrictions on verification audit capabilities in several key areas. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The financial report has been prepared in accordance with GASB Statement No. 34, *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,"* issued in June 1999 and implemented by the County in FY 2002. The most significant accounting and reporting policies of the County are described in the notes to the financial statements.

For fiscal year 2011, the County implemented GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement Number 54 is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The implementation of this statement resulted in the County reclassifying fund balances of its governmental funds.

(a) Reporting Entity

Primary Government

Collin County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, comprised of the County Judge and four Commissioners, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: justice administration (courts, juries, constables, district attorney, clerks, investigators, sheriff, jail, fire marshal, and medical examiner), tax collection, roads and bridge maintenance, juvenile services and assistance to indigents.

The accompanying basic financial statements present the government as defined according to criteria in GASB Statements No. 14 and 39, *The Financial Reporting Entity*. Blended component units, while legally separate entities, are in substance a part of the government's operations.

(continued)

(a) Reporting Entity (Continued)

Blended Component Units

For reporting purposes, the Collin County Housing Finance Corporation (HFC), the Collin County Toll Road Authority (CCTRA) and the Collin County Health Care Foundation (HCF) qualify as blended component units. The Commissioners Court sits as the governing board of the HFC, CCTRA and HCF. The only activity of the HFC has been the issuance of single and multiple-family revenue bonds that are disclosed as conduit debt in Footnote IV (F). Otherwise, there are no other financial operations or balances for this entity. Required financial reporting to show compliance is provided by the administrator Bank of New York Mellon acting as trustee for the various issues and overseeing legal compliance reporting. The HCF was organized under the Texas Nonprofit Corporation Act to assist the County by providing indigent health care. Financial activity is reported as a major Special Revenue Fund within the governmental fund financial statements.

Discretely Presented Component Unit

For reporting purposes, Child Protective Services has been presented as a discretely presented component unit. Child Protective Services is responsible for providing additional assistance to foster children in the care of the State. The Board is appointed by the Commissioners' Court and serves at their pleasure. The Board purposes a budget, however the Commissioners' Court approves the funding of the CPS budget as part of the County's operating budget.

Complete financial statements for the Health Care Foundation and Child Protective Services Board are available upon request at the County Auditor's Office. The Health Care Foundation is also included in these financial statements as a major fund.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report, except for County fiduciary activity, consolidated information on all of the activities of the County and its blended component units. The effect of interfund transfers has been removed from these statements but continues to be reflected on the fund statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities primary support is derived from taxes and intergovernmental revenues.

The statement of activities exhibits the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

(continued)

(b) Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements. The General Fund, the General Road and Bridge Special Revenue Fund, the RTR – Wylie Special Revenue Fund, the RTR – Outer Loop Phase 3 Special Revenue Fund, the Debt Service Fund, the 2003 Road Bond Capital Project Fund, and the 2007 Road Bond Capital Project Fund meet the criteria or have been selected by management as *major governmental funds*. The Health Care Foundation Special Revenue Fund is being reported as major fund even though it did not meet the requirement criteria because it serves a major function of the County, indigent health care. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are District Clerk and County Clerk fees, Justice of the Peace fees, investment earnings, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30, 2010, that were due October 1, 2010, have been assessed to finance the budget of the fiscal year beginning October 1, 2010. In accordance with the modified accrual basis of accounting, the balances outstanding at November 30, 2010, outstanding 60 days after year-end, are reflected as deferred revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, fees, charges for services, intergovernmental revenues and investment interest income. Primary expenditures are for general administration, public safety, judicial, public welfare, health services, and capital acquisition.

(continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The General Road and Bridge Special Revenue Fund is used to account for the activities affecting County-owned roads, including right-of-way acquisitions, construction, operations, and maintenance. Expenditures for shared cost road projects with the State are also included. This constitutional fund is financed in part by a designated part of the annual property tax levy and fees associated with vehicle registration.

The Health Care Foundation Special Revenue Fund is used to account for receipt of investment earnings and authorized health care expenditures as administered by the Collin County Health Care Foundation.

The Regional Toll Revenue – Wylie (FM 1378) Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue (RTR) which is related to the sale of roads to the North Texas Toll Road Authority. These funds will be used to rebuild FM 1378 within the city limits of the City of Wylie, Texas.

The Regional Toll Revenue – Outer Loop Phase 3 Special Revenue Fund is used to account for a grant from the State of Texas funded with Regional Toll Revenue. These funds will be used to construct a portion of the new Outer Loop (Loop 9) within Collin County.

The **Debt Service Fund** is used to account for property tax revenues restricted to be used to meet Collin County's debt obligations.

The 2003 Road Bond Capital Projects Fund is to account for road bond proceeds for road bonds authorized by voters on November 4, 2003 in an amount of $142,000,000. All of the bonds have been issued in five series, beginning 2004 and ending 2008.

Series 2004 - $44,550,000 issued April 27, 2004
Series 2005 - $17,360,000 issued April 5, 2005
Series 2006 - $15,920,000 issued May 3, 2006
Series 2007 - $48,190,000 issued March 20, 2007
Series 2008 - $15,980,000 issued July 14, 2008

The 2007 Road Bond Capital Project Fund is to account for road bond proceeds for road bonds authorized by voters on November 6, 2007. The total authorized for roads and highways is $235,600,000. Only a portion of the bonds have been issued to-date in four series, beginning 2008 and ending 2011. The remainder of the bonds will be sold as needed. The total sold through September 30, 2011, is $69,170,000.

Series 2008 - $25,020,000 issued July 14, 2008
Series 2009 - $10,070,000 issued September 29, 2009
Series 2009B - $5,590,000 issued September 29, 2009
Series 2011 - $28,490,000 issued June 16, 2011

(continued)

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the County reports the following nonmajor funds:

Special Revenue Funds are used to account for specific revenue sources (other than debt proceeds) that are restricted from a source other than Collin County to be used for specified purposes.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

Internal Service Funds are used to account for health care, workers' compensation coverage, liability insurance coverage, and optional payroll deductions for the County and employees of the County on a cost-reimbursement basis with allowances for catastrophic losses, as well as a fund for an animal shelter that serves the County as well as other cities within Collin County.

Enterprise Fund is used to account for business-type activities. The County's only Enterprise Fund is the Collin County Toll Road Authority Fund (CCTRA). Commissioners' Court authorized the creation of the CCTRA Enterprise Fund in fiscal year 2009. This fund is used to track future activity for the Outer Loop road project. Currently the only activity in this fund is funding right-of-way and infrastructure construction. It is the intention of Commissioners' Court to eventually generate toll revenues to support this activity.

Agency Funds are used to account for situations where the County's role is strictly custodial in nature. Most of these funds are held for legal reasons. Those reasons vary from funds held in trust for minors, to funds placed in escrow awaiting a decision and order by the presiding court. Additional funds were on hand at year-end for tax collections for other governmental entities or the State or other governmental entities for fees collected on their behalf. As a result, all assets reported in an Agency Fund are offset by a liability to the party or entity on whose behalf the assets are held.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The County applies all FASB pronouncements within the above limitations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

(continued)

(d) Assets, Liabilities, and Net Assets or Equity

(1) Deposits and Investments

The County's cash and cash equivalents are considered to be (i) cash on hand; (ii) demand deposits and short-term investments (with an original maturity of 90 days or less from the date of acquisition) that become available as cash within 30 days of year-end; and monies invested in 2a-7 pools.

State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U. S. Treasury and Governmental Agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Texas.

The County and its component units report investments at fair value in accordance with provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

(2) Receivables and Payables

Accounts Receivable

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end and outstanding 60 days after year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to" or "due from" (current portion) or "advances to/from other funds" (non-current). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund activity reflected in "due to" or "due from" is eliminated on the government-wide statements with the exception of internal balances between the governmental activities and business-type activities.

(continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(3) Inventories and Prepaid Items

Inventory is valued at average cost. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption, and the cost is recorded as an expenditure at the time the inventory items are used. Reported inventories are offset by a reserve of fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(4) Restricted Net Assets

Upon receipt, contributions, grants, and other revenues restricted by donors for specific purposes are added to restricted assets of the County. Each fund with restricted net assets has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund’s resources are being used for the purpose stated. The Health Care Foundation, a nonprofit corporation, is reported as restricted because of legal restrictions. Resources set aside for specific purposes such as required within the terms of bond agreements, or self-insurance arrangements, are reported as restricted.

(5) Capital Assets – Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of $5,000 or more. Infrastructure assets include County-owned roads, bridges, signs, and improvements to land. Infrastructure assets acquired prior to the fiscal year ended September 30, 1980, were not included based on the fact that Collin County was rural with mostly unimproved infrastructure prior to that time. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset’s life are expensed rather than capitalized.

(continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(5) Capital Assets – Primary Government

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

Assets	Years
Buildings	30
Building improvements	5 to 30
Facilities and land improvements	10 to 30
Bridges	10 to 50
Infrastructure and improvements	20
Furniture and equipment	1 to 15
Computer equipment	1 to 8
Machinery and equipment	1 to 10
Medical and lab equipment	1 to 15
Voice communication equipment	3
Vehicles	5 to 10

(6) Compensated Absences

A liability for unused paid time off accruals and compensatory time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

GASB Interpretation 6 indicates that liabilities for compensated absences should only be recognized in the fund statements to the extent the liabilities have matured and are payable out of current available resources. Compensated absences are accrued in the government-wide statements.

The County's permanent, fulltime employees accrue 7.39 hours of paid time off per pay period (biweekly) from date of employment to four years of service; 8.31 hours per pay period from 5 years to 9 years of service; 9.23 hours per pay period from 10 to 19 years of service; and 10.15 hours per pay period for 20 plus years of continuous employment. The maximum accrual is 200, 240, 320, and 400 hours of paid time off for the respective accrual categories specified. Upon termination from the County, an employee is entitled to payment for the total accrued hours as long as they have completed at least one year of continuous service.

(7) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gain or loss on refunding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

(continued)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

(7) Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(8) Unemployment and Workers' Compensation Benefits

The County is a reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Texas Employment Commission. The County also processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources (Note IV. (a)).

(9) Fund Balance

In the fund financial statements, governmental funds report fund balances that are not available for appropriation or are legally restricted by outside parties for a specific purpose. As required by GASB Statement Number 54 these fund balance amounts are reported as Nonspendable, Restricted, or Committed.

1. Nonspendable Fund Balance

   The nonspendable fund balance is the portion of net resources that is not available for use because of its form. Collin County has two types of nonspendable fund balance, advances to others and inventories as shown below:

General Fund:		
Advances to:		
Collin County Toll Road Authority	$ 15,682,757	
North Texas Groundwater Conservation District	300,000	
Animal Shelter	1,133,630	
Inventories	565,447	
Total General Fund		$ 17,681,834
General Road and Bridge Fund:		
Inventories		2,777,412
2003 Road Bond Fund:		
Advance to		
Collin County Toll Road Authority		14,499
Other Governmental Funds:		
Advances to		
Collin County Toll Road Authority		1,340,558
Total Nonspendable		$ 21,814,303

(continued)

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

2. Restricted Fund Balance

Limitations are imposed on a portion of fund balance by creditors, grantors, contributors, or laws and regulations of the state or federal governments. These funds are classified as restricted funds. Restricted fund reported in the governmental fund statements are as follows:

General Fund:		
Housing Finance Corporation	$ 967,236	
District Court Records Technology	126,802	
Records Archive	2,078,296	
Total General Fund		$ 3,172,334
General Road and Bridge		
Public transportation		14,357,927
Debt Service Fund		
Debt service activity		1,812,620
2003 Road Bond Projects		
Road and bridge projects		27,098,548
2007 Road Bond		
Road and bridge projects		48,925,834
Other Governmental Funds:		
General administration	19,076,857	
Judicial	5,065,764	
Financial administration	1,906	
Legal	503,850	
Public facilities	12,654,321	
Public safety	1,579,490	
Public transportation	6,018,335	
Health and welfare	63,151	
Culture and recreation	2,327,864	
Total Other Governmental Funds		47,291,538
Total Restricted		$ 142,658,801

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Assets, Liabilities, and Net Assets or Equity (Continued)

3. Committed Fund Balance

Fund balance that has self-imposed limitations placed by the Commissioners Court are classified as committed fund balance. Committed fund balance is reported in the governmental fund statements as follows:

General Fund		
Disaster recovery	$ 10,000,000	
Excess capital murder cases	2,000,000	
Special elections	200,000	
Utilities price spikes	500,000	
Pre-trial release activity	70,779	
Jury activity	883,470	
Myers park	182,435	
Code inspection	72,227	
Permanent improvement projects	13,396,707	
Total General Fund		$ 27,305,618
Healthcare Foundation		
Indigent healthcare		9,299,826
Total committed		$ 36,605,444

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Information

Annual budgets are adopted for all governmental funds with the exception Capital Project Funds and the following Special Revenue Funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Juvenile Case Manager Fund, District Attorney Deferred Prosecution Program Fund, District Attorney Appointment Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for Capital Project Funds is adopted at the time debt is issued, and the budget is rolled from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial by Commissioners' Court. All governmental fund annual appropriations lapse at fiscal year-end.

On or before the last day of May of each year all departments of the County submit requests for appropriations to the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Commissioners' Court beginning in early July. Commissioners Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible there after the budget and the tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, and capital assets are the legal levels used. Effective September 1, 2005, the Commissioners' Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000.

III. DETAILED NOTES ON ALL FUNDS

(a) Deposits and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes Collin County to invest its funds under a written investment policy (the “Investment Policy”) that primarily emphasizes safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy, which excluded certain investment instruments allowed under Chapter 2256 of the Local Government Code.

The County’s deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners Court. The Investment Policy includes a list of authorized investment instruments, and a maximum allowable stated maturity of any individual investment by group of funds. In addition, it includes an “Investment Strategy Statement” that specifically addresses each fund group’s investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversification, and yield.

The County Investment Officers, the County Auditor and the Budget Director, jointly submit an investment report as specified by chapter 2256 of the Texas Government Code each quarter to Commissioners Court. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted investment policy and Texas State Statute.

The County’s demand deposits, including certificates of deposit, are fully covered by collateral held by the County’s agents, Federal Reserve Bank of New York, or the Federal Home Loan Bank of Dallas, in the County’s name. The investments are comprised of various governmental agencies issues with a rating of A or better; and Federal Deposit Insurance Corporation (FDIC) insurance. The County’s collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by American National Bank (depository bank), and View Point Bank at all times. All other deposits are held in trust and are limited to individual accounts fully insured by Federal Deposit insurance.

The County’s investment policy and depository contract are in accordance with the laws of the State of Texas. The policy and depository contract identify authorized investments and investment terms, collateral requirements, and safekeeping requirements for collateral. All the County’s investments are insured, registered, or the County’s agent holds the securities in the County’s name.

The Investment Officers are authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations including letters of credit of the United States or its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest on which an unconditional guarantee or are insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(continued)

(a) Deposits and Investments (Continued)

6. Certificates of deposit issued by the state or national bank and savings and loan or state or federal credit unions domiciled in this state and are:
   a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor;
   b) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by section 2256.009(b),
   c) secured in any other manner and amount provided by law for deposits of the investing entity; and
   d) solicited by bid orally, in writing, electronically, or any combination of these methods outlined under Government.
7. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Government Code Section 2256.011(a)(14), (b), (c),and (d),is an authorized investment if the repurchase agreement:
   a) has a defined termination date;
   b) is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act;
   c) requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County; and
   d) is placed through a primary government's securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

The County participates in two Local Government Investment Pools: TexPool and TexSTAR. The State Comptroller oversees TexPool, with a third party managing the daily operations of the pool under contract. Although there is no regulatory oversight over TexSTAR, a Board, consisting of three directors representing participants, one from a management service providing investment services and one from a company providing participant service and marketing to the Board, maintains oversight responsibility.

The County invests in TexPool and TexSTAR to provide its primary liquidity needs. Both are local government investment pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. TexPool and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of $1.00, although this cannot be guaranteed. TexPool and TexSTAR are rated AAAm and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2011, TexPool and TexSTAR had a weighted average maturity of 46 and 40 days, respectively. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

The portfolio balances of all cash and investments for all funds at September 30, 2011, are as follows:

(continued)

(a) Deposits and Investments (Continued)

Type of Investment	
Local government investment pools	$ 120,431,774
Federal agency bonds	10,473,405
Municipal bonds	10,000,302
Certificates of deposit	141,110,906
CDARS	40,012,253
Total cash and investments	$ 322,028,640

The risk exposures for governmental individual major funds, non-major funds in the aggregate, internal funds, and fiduciary fund types of the County are not significantly greater than the deposit and investment risk of the primary government. The investment policy segregates the portfolios into strategic fund-group categories: General Operating Fund Group, Debt Service Fund Group; Capital Project Bond Fund Group; and Other Funds Group.

The County's investment policy seeks to control credit risk. Such risk shall be controlled by investing in compliance with the County's investment policy, qualifying the brokers and financial institutions with which the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

Credit Risk

The County's portfolio does not contain any investments in commercial paper or Corporate bonds. As of September 30, 2011 the local government pools (37% of the portfolio) were rated AAAm by Standard and Poor's. The federal agency bonds (3% of the portfolio) was downgraded from AAA to AA+ by Standards and Poor's during the year. The municipal bonds (3% of the portfolio) were rated AA or better by Standard & Poor's. The certificates of deposits (44% of the portfolio) were fully collateralized in Collin County's name at the Federal Home Loan Bank of Dallas. CDARS (13% of the portfolio) is fully insured by the FDIC.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities not exceed two years for all investment types except General Fund and Health Care Trust which are limited to five years. The dollar weighted average maturity for all securities was 0.75 years.

(b) Deposits

The September 30, 2011, carrying amount of deposits was as follows:

	Bank Deposits
Governmental funds	$ 15,800,993
Proprietary type funds	5,197,357
Fiduciary type funds	14,256,264
Total	$ 35,254,614

All bank accounts were either insured or collateralized with securities held by the Federal Home Loan Bank or the Federal Reserve Bank of New York in the name of Collin County at September 30, 2011.

(continued)

(c) Property Taxes and Other Receivables

Property taxes are assessed as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects its own property taxes as well as those for the:

1. Cities of Allen, Anna, Blue Ridge, Celina, Fairview, Farmersville, Frisco, Josephine, Lavon, Lowry Crossing, Lucas, McKinney, Melissa, Murphy, Nevada, New Hope, Parker, Plano, Princeton, Prosper, Sachse, St. Paul, Weston, and Wylie;

2. Independent School Districts of Allen, Anna, Blue Ridge, Celina, Community, Farmersville, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie;

3. Seis Lago's Utility District; and

4. Collin County Community College.

The County is the only taxing entity controlled by the Commissioners' Court, and the County Tax Assessor/Collector acts only as an intermediary in the collection and distribution of property taxes to the other entities.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded net of the entities' related collection commission paid the County in this Agency Fund according to the levy year for which the taxes are collected. Tax collections deposited for the County are distributed on a monthly basis to the General Fund, Permanent Improvement Capital Projects Fund, General Road and Bridge Fund, Jury Special Revenue Fund, and Debt Service Funds of the County. This distribution is based upon the tax rate established for each fund by order of the Commissioners' Court for the tax year for which the collections are made.

The County participates in several Tax Increment Finance (TIF) Districts. When a TIF District is created with the approval of all participating governmental entities, the property included in the District has its assessed valuation frozen at that time for the duration of the District. As projects are developed, increasing the assessed valuation of the property, the agreed percentage of incremental increases is returned to the entity which initially financed the improvements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned such as grant revenue received but not yet expended.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(c) Property Taxes and Other Receivables (Continued)

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Amount
Delinquent property taxes receivable:	
General fund	$ 1,886,766
Debt service fund	736,396
General road and bridge fund	48,714
Other special revenue funds	247
	2,672,123
Fines and fees:	
General fund	1,290,948
General road and bridge	757,380
	2,048,328
Unearned grant revenues:	
General fund	167,103
RTR - Wylie special revenue fund	4,204,294
RTR - Outer Loop Phase 3	7,569,707
Nonmajor special revenue funds	389,996
	12,331,100
Total deferred	$ 17,051,551

The County is authorized by the tax laws of the State of Texas to levy taxes up to $0.80 per $100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt. Taxes may be levied in unlimited amounts for the payment of principal and interest on road bond long-term debt issued under Article 3, Section 52 of the Texas Constitution.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, as required by GASB 34 are as follows (in thousands):

	General	General Road and Bridge Special Revenue	Health Care Foundation Special Revenue	Debt Service	2003 Road Bond	Other Major Major and Nonmajor Funds
Receivables:						
Taxes	$ 2,487	$ 44	$ -	$ 919	$ -	$ -
Fines and fees	1,295	757	-	-	-	-
Due from other governments	1,103	292	-	-	-	1,048
Due from other funds	1,014	-	-	-	-	-
Advance to other funds	16,816	-	-	-	14	1,341
Interest	155	-	-	-	-	-
Miscellaneous	375	131	5	-	-	131
Gross receivables	23,245	1,224	5	919	14	2,520
Less allowance for uncollectible	90	2	-	31	-	-
Net receivables	$ 23,155	$ 1,222	$ 5	$ 888	$ 14	$ 2,520

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. The capitalization threshold for equipment is five thousand dollars. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

Significant capital asset additions in 2011 include the opening of a new wing of the Courthouse as well as the completion of road projects and technology upgrades and improvements. A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 21,348,454	$ 269,999	$ -	$ -	$ 21,618,453
Construction in progress	19,117,709	34,865,229	(42,751,051)	(9,924)	11,221,963
Historical treasures	89,760	-	-	-	89,760
Total assets not being depreciated	40,555,923	35,135,228	(42,751,051)	(9,924)	32,930,176
Capital assets, being depreciated:					
Buildings	224,802,507	37,562,394	-	-	262,364,901
Improvements other than buildings	6,376,765	-	-	-	6,376,765
Machinery and equipment	52,679,650	6,253,708	(751,445)	-	58,181,913
Infrastructure	266,579,692	8,872,607	-	-	275,452,299
Total capital assets being depreciated	550,438,614	52,688,709	(751,445)	-	602,375,878
Less accumulated depreciation:					
Buildings	(64,035,626)	(7,461,412)	-	-	(71,497,038)
Improvements other than buildings	(2,058,778)	(339,940)	-	-	(2,398,718)
Machinery and equipment	(29,523,832)	(5,599,131)	713,253	-	(34,409,710)
Infrastructure	(83,600,304)	(7,838,076)	-	-	(91,438,380)
Total accumulated depreciation	(179,218,540)	(21,238,559)	713,253	-	(199,743,846)
Total capital assets being depreciated, net	371,220,074	31,450,150	(38,192)	-	402,632,032
Governmental activities capital assets, net	$ 411,775,997	$ 66,585,378	$(42,789,243)	$(9,924)	$ 435,562,208

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 9,002,697	$ 59,162	$ -	$ -	$ 9,061,859
Construction in progress	5,128,387	628,066	-	9,924	5,766,377
Total assets not being depreciated	14,131,084	687,228	-	9,924	14,828,236
Business-type activities capital assets, net	$ 14,131,084	$ 687,228	$ -	$ 9,924	$ 14,828,236

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(d) Capital Assets (Continued)

The transfer of $9,924 from governmental activities to business-type activities is due to capital assets being transferred from governmental funds to the Collin County Toll Road Authority Fund.

Depreciation expense for FY 2011 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General administration	$ 2,758,821
Judicial	74,531
Financial administration	175,987
Legal	44
Public facilities	7,080,495
Equipment services	558,297
Public safety	1,074,255
Public transportation	8,775,217
Health and welfare	191,367
Culture and recreation	549,545
Total depreciation expense - governmental activities	$ 21,238,559

Construction Commitments

Collin County has active construction projects as of September 30, 2011. The projects include road and bridge construction and new facility construction. At year-end the County's outstanding commitments with contractors are as follows (in thousands):

Project Type	Remaining Commitment
Public transportation	$ 25,142
Public facilities	1,071
Public parks	5,216
Total	$ 31,429

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt

Collin County issues general obligation bonds and tax notes to finance major capital projects. The original amount of general obligations and tax notes issued in prior years (with outstanding balances) was $514,175,000. The County incurred 4 bond issues in 2011; two bond refunding issues for $8,120,000 and $14,810,000; one issue for and parks in an amount of $2,100,000; and one issues for public transportation in an amount of $28,490,000. The following are general obligation bonds and tax notes outstanding at September 30, 2011, and are for governmental activities only (in thousands):

Fund Name	Interest Rates	Date Issued	Maturity	Due as of 09/30/11
Limited Tax Permanent Improvement Bond 2002	4.150% to 5.625%	2002	2012	$ 1,250,000
Limited Tax Permanent Improvement and Refunding Bond 2004	2.250% to 4.500%	2,004	2,024	9,330,000
Limited Tax Permanent Improvement and Refunding Bond 2005	3.00% to 5.000%	2,005	2,025	43,270,000
Limited Tax Permanent Improvement Bond 2006	4.00% to 5.000%	2,006	2,026	28,285,000
Limited Tax Permanent Improvement Bond 2007	4.250% to 5.000%	2007	2027	1,935,000
Limited Tax Refunding and Permanent Improvement Bond 2008	3.625% to 5.000%	2008	2028	11,965,000
Limited Tax Refunding and Permanent Improvement Bond 2009	2.000% to 5.000%	2009	2025	27,945,000
Limited Tax Permanent Improvement Build America Bond 2009B	2.000% to 5.000%	2009	2029	9,990,000
Limited Tax Refunding Bond 2010	2.000% to 4.000%	2010	2017	8,010,000
Limited Tax Permanent Improvement Bonds 2011	3.000% to 4.250%	2011	2031	2,100,000
Unlimited Tax Road and Refunding Bond 2004	2.000% to 5.000%	2004	2024	29,205,000
Unlimited Tax Road and Refunding Bonds Series 2005	3.000% to 5.000%	2005	2025	34,995,000
Unlimited Tax Road Bond 2006	4.000% to 5.000%	2006	2026	13,325,000
Unlimited Tax Road and Refunding Bond 2007	4.000% to 5.000%	2007	2027	58,030,000
Unlimited Tax Road Bond 2008	4.000% to 5.500%	2008	2028	37,225,000
Unlimited Tax Road and Refunding Bond 2009	2.000% to 5.000%	2009	2025	17,140,000
Unlimited Tax Road Build America Bond 2009B	4.600% to 6.300%	2009	2029	5,590,000
Unlimited Tax Refunding Bond 2010	2.000% to 5.000%	2010	2020	14,610,000
Unlimited Tax Refunding Bond 2011	2.000% to 4.000%	2011	2029	28,490,000
Tax Notes Series 2006	4.000% to 5.000%	2006	2013	4,890,000
Total general obligation debt				$ 387,580,000

(continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2002
(new issue authorized by voters November 6, 2001; issued June 19, 2002)

$26,000,000 in Limited Tax Permanent Improvement Bonds, Series 2002, were issued for the purpose of acquiring, constructing, developing, and equipping youth camping and related outdoor recreation and education facilities, acquiring land and interest in land, and paying for the cost of issuance associated with the sale of the bonds. Principal maturities will occur annually commencing on February 15, 2003, with installments ranging from $830,000 to $2,090,000. Interest payments on February 15 and August 15 and range from a low of 4.15% to a high of 5.625%. The final principal and interest payment is due on February 15, 2022. This bond issue will be subject to rebatable arbitrage. The liability will be calculated every year starting in 2003 and recalculated every fifth year and 90% of any existing liability will be paid on the five-year anniversary dates.

$	26,000,000	- New issue
	1,250,000	- Owed to bondholders at September 30, 2011
$	27,250,000	- Total to be paid to bondholders

Limited Tax Permanent Improvement and Refunding Bonds, Series 2004
(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

$14,165,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2004 were issued for the purpose of parks and County facilities; to refund a portion of the County’s outstanding debt, and to pay the cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $555,000 to $825,000. Interest payments occur annually on February 15th and August 15th and range from 2.25% to 4.50%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five-year anniversary dates.

$	11,450,000	- New issue
	2,715,000	- Refunding
$	14,165,000	- Total to be paid to bondholders
$	9,330,000	- Owed to bondholders at September 30, 2011

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement and Refunding Bonds, Series 2005
(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

$53,865,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2005 were issued for park purposes and County facilities, to (i) acquire and improve land for park and open space purposes; (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities; (iii) refund a portion of the County's outstanding debt for debt savings; and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $435,000 to $4,000,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0 to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$	37,350,000	- New issue
	16,515,000	- Refunding
$	53,865,000	- Total to be paid to bondholders
$	43,270,000	- Owed to bondholders at September 30, 2011

Limited Tax Permanent Improvement Bonds, Series 2006
(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

$33,800,000 Limited Tax Permanent Improvement Bonds, Series 2006 were issued for park purposes and County facilities, to (i) acquire and improve land for park and open space purposes; (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities; (iii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2006, with installments ranging from $680,000 to $2,535,000. Interest payments occur annually on February 15th and August 15th ranging from 4.0 to 5.0%. The final principal and interest payment is due on February 15, 2026. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	33,800,000	- New issue
$	28,285,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Limited Tax Permanent Improvement Bonds, Series 2007
(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

$2,190,000 Limited Tax Permanent Improvement Bonds, Series 2007 were issued to (i) acquire and improve land for park and open space purposes including joint city-county projects; and (ii) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities will occur annually beginning on February 15, 2008, with installments ranging from $20,000 to $130,000. Interest payments occur annually on February 15th and August 15th ranging from 4.0 to 4.35%. The final principal and interest payment is due on February 15, 2022. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	2,190,000	- New issue
$	1,935,000	- Owed to bondholders at September 30, 2011

Limited Tax Permanent Improvement and Refunding Bonds, Series 2008
(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

$16,715,000 Limited Tax Permanent Improvement and Refunding Bonds, Series 2008 were issued for park purposes and County facilities, to (i) acquire and improve land for park and open space purposes, including joint county-city projects; (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education facilities and the acquisition of land there for; (iii) refund a portion of the County's outstanding debt for debt savings; and (iv) pay cost of issuance associated with the sale of the Limited Tax Bonds. Principal maturities occur annually beginning on February 15, 2009, with installments ranging from $270,000 to $2,710,000. Interest payments occur annually on February 15th and August 15th ranging from 3.5 to 5.0%. The final principal and interest payment is due on February 15, 2028. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$	2,200,000	- New issue (2003 Bond Election)
	4,500,000	- New issue (2007 Bond Election)
	10,015,000	- Refunding
$	16,715,000	- Total to be paid to bondholders
$	11,965,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Limited Tax Refunding and Permanent Improvement Bonds, Series 2009
(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

$30,080,000 Limited Tax Refunding and Permanent Improvement Bonds, Series 2009 were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects; (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land there for; (iii) refund a portion of the County's outstanding debt for debt savings; and (iv) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15, 2009, with installments ranging from $1,055,000 to $3,780,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0 to 5.0%. The final principal and interest payment is due on February 15, 2025. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$	17,420,000	- New issue
	12,660,000	- Refunding
$	30,080,000	- Total to be paid to bondholders
$	27,945,000	- Owed to bondholders at September 30, 2011

Limited Tax Permanent Improvement Bonds, Taxable Series 2009B
(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

$9,990,000 Limited Tax Permanent Improvement Bonds, Taxable Series 2009B were issued to (i) acquire and improve land for park and open space purposes, including joint county-city projects; (ii) acquire, construct, improve, renovate, and equip juvenile and adult detention facilities, including courts facilities, juvenile probation facilities and juvenile justice alternative education program facilities and the acquisition of land there for; and (iii) pay the cost of issuance associated with the sale of the these bonds. A principal amount of $2,560 matures on February 15, 2019, and the remaining principal amount of $7,430,000 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6 to 6.3%. The final principal and interest payment is due on February 15, 2029. This Bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

$	9,990,000	- New issue
$	9,990,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Limited Tax Refunding Bonds, Series 2010
(authorized by Commissioners Court and issued on November 17, 2010)

$8,120,000 Limited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding limited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Limited Tax Bonds. Principal maturities will occur annually beginning February 2011, with installments ranging from $110,000 to $1,660,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 4.0%. The final principal and interest payment is due on February 15, 2017. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	8,120,000	- New issue
$	8,010,000	- Owed to bondholders at September 30, 2011

Limited Tax Permanent Improvement Bonds, Series 2011
(new issue authorized by voters on November 6, 2007, issued June 16, 2011)

$2,100,000 Limited Tax Permanent Improvement Bonds, Series 2011 were to (i) acquire and improve land for park and open space purposes, including joint county-city projects and (ii) pay the cost of issuance associated with the sale of the these bonds. Principal maturities will occur annually beginning on February 15, 2012 with installments ranging from $45,000 to $155,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0 to 4.25%. The final principal and interest payment is due on February 15, 2031. This Bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	2,100,000	- New issue
$	2,100,000	- Owed to bondholders at September 30, 2011

Unlimited Tax Road & Refunding, Series 2004
(new issue authorized by voters on November 4, 2003, issued April 27, 2004)

$54,910,000 Unlimited Tax Road & Refunding, Series 2004 were issued for the purpose of road and highway construction; to refund a portion of the County' outstanding debt; and to pay costs of issuance associated with the sale of the Unlimited Tax Bonds. Principal maturities will occur annually beginning February 15, 2005, with installments ranging from $1,440,000 to $4,050,000. Interest payments fall on February 15th and August 15th of each year and range from 2.00% to 5.00%. The final principal and interest payment is due on February 15, 2024. This bond issue is subject to rebateable arbitrage and is reviewed annually with 90% of any rebateable liability being paid on the five-year anniversary dates.

$	44,550,000	- New issue
	10,360,000	- Refunding
$	54,910,000	- Total to be paid to bondholders
$	29,205,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Unlimited Tax Road and Refunding Bonds, Series 2005
(new issue authorized by voters on November 4, 2003, issued April 5, 2005)

$43,175,000 Unlimited Tax Road and Refunding Bonds, Series 2005 were issued for the purpose of (i) constructing roads and highways throughout the County and (ii) refund a portion of the County's outstanding debt for debt savings and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February, 2006 with installments ranging from $200,000 to $3,850,000. Interest payments occur annually on February 15th and August 15th ranging from 3.0 to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	17,360,000	- New issue
	25,815,000	- Refunding
$	43,175,000	- Total to be paid to bondholders
$	34,995,000	- Owed to bondholders at September 30, 2011

Unlimited Tax Road Bonds, Series 2006
(new issue authorized by voters on November 4, 2003, issued May 3, 2006)

$15,920,000 Unlimited Tax Road Bonds, Series 2006 were issued for the purpose of (i) constructing roads and highways throughout the County and (ii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 2007 with installments ranging from $320,000 to $1,195,000. Interest payments occur annually on February 15th and August 15th ranging from 4.0 to 5.0%. The final principal and interest payment is due on February 15, 2026. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$	15,920,000	- New issue
$	13,325,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Unlimited Tax Road and Refunding Bonds, Series 2007
(new issue authorized by voters on November 4, 2003, issued March 20, 2007)

$63,375,000 Unlimited Tax Road and Refunding Bonds, Series 2007 will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects; (ii) refund a portion of the County's outstanding debt for debt savings and (iii) to pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 2008, with installments ranging from $380,000 to $6,070,000. Interest payments occur annually on February 15th and August 15th ranging from 4.0 to 5.0%. The final principal and interest payment is due on February 15, 2027. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$	48,190,000	- New issue
	15,185,000	- Refunding
$	63,375,000	- Total to be paid to bondholders
$	58,030,000	- Owed to bondholders at September 30, 2011

Unlimited Tax Road, Series 2008
(new issue authorized by voters on November 4, 2003 and November 6, 2007, issued July 14, 2008)

$41,000,000 Unlimited Tax Road, Series 2008 will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects; and (ii) pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February 2009, with installments ranging from $955,000 to $3,045,000. Interest payments occur annually on February 15th and August 15th ranging from 4.0 to 5.5%. The final principal and interest payment is due on February 15, 2028. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	15,980,000	- New issue
	25,020,000	- Refunding
$	41,000,000	- Total to be paid to bondholders
$	37,225,000	- Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Unlimited Tax Road and Refunding Bonds, Series 2009
(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

$21,805,000 Unlimited Tax Road and Refunding Bonds, Series 2009 will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects; (ii) refund a portion of the County's outstanding debt for debt savings and (iii) to pay costs of issuance associated with the sale of these bonds. Principal maturities will occur annually beginning February 15, 2010, in installments ranging from $770,000 to $2,485,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0 to 5.0%. The final principal and interest payment is due on February 15, 2025. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$	10,070,000	- New issue
	11,735,000	- Refunding
$	21,805,000	- Total to be paid to bondholders
$	17,140,000	- Owed to bondholders at September 30, 2011

Unlimited Tax Road Bonds, Taxable Series 2009B
(new issue authorized by voters on November 6, 2007, issued September 29, 2009)

$5,590,000 Unlimited Tax Road Bonds, Taxable Series 2009B will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects and (ii) to pay costs of issuance associated with the sale of these bonds. A principal amount of $1,470,000 matures on February 15, 2019, and the remaining principal amount of $4,120,000 matures on February 15, 2029. Interest payments occur annually on February 15th and August 15th ranging from 4.6 to 6.3%. The final principal and interest payment is due on February 15, 2029. This bond issue is not subject to rebate arbitrage. The United States Government will refund a portion of the interest to the County semi-annually.

$	5,590,000	- New issue
$	5,590,000	- Owed to bondholders at September 30, 2011

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(e) Long-term Debt (Continued)

Unlimited Tax Refunding Bonds, Series 2010
(authorized by Commissioners Court and issued on November 17, 2010)

$14,810,000 Unlimited Tax Refunding Bonds, Series 2010 will be used to (i) refund a portion of the County's outstanding unlimited tax debt for debt service savings and (ii) pay costs of issuance associated with the sale of Unlimited Tax Bonds. Principal maturities will occur annually beginning February, 2011, with installments ranging from $200,000 to $2,110,000. Interest payments occur annually on February 15th and August 15th ranging from 2.0% to 5.0%. The final principal and interest payment is due on February 15, 2020. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five-year anniversary dates.

$ 14,810,000 - New issue

$ 14,610,000 - Owed to bondholders at September 30, 2011

Unlimited Tax Road, Series 2011
(new issue authorized by voters on November 6, 2007, issued June 16, 2011)

$28,490,000 Unlimited Tax Road, Series 2011 will be used to (i) construct, maintain and operate macadamized, graveled or paved roads and turnpikes, or in the aid thereof, throughout the County, including participation in the cost of joint State highway and joint city-county projects; and (ii) pay costs of issuance associated with the sale of Unlimited Tax Road Bonds. Principal maturities will occur annually beginning February, 2012 with installments ranging from $595,000 to $1,950,000. Interest payments occur annually on February 15th and August 15th ranging from 0.4% to 4.0%. The final principal and interest payment is due on February 15, 2029. This bond issue is subject to rebate arbitrage and is reviewed annually. 90% of any rebate liability will be paid on the five year anniversary dates.

$ 28,490,000 - New issue

$ 28,490,000 - Owed to bondholders at September 30, 2011

Tax Notes, Series 2006
(authorized by Commissioners Court and issued on May 3, 2006)

$15,000,000 Tax Notes, Series 2006 were issued for the purpose of (i) acquiring software, hardware, and computer related equipment, (ii) the acquisition, construction, improvement, and equipping of buildings for various County departments (iii) pay professional services related to the project, and (iv) pay costs of issuance associated with the sale of the notes. Principal maturities will occur annually beginning February 15, 2007, with installments ranging from $1,945,000 to $2,449,000. Interest payments occur annually on February 15th and August 15th ranging at 4.0%. The final principal and interest payment is due on February 15, 2013. This bond issue is subject to rebateable arbitrage and is reviewed annually. 90% of any rebateable liability will be paid on the five year anniversary dates.

$ 15,000,000 - New issue

$ 4,890,000 - Owed to bondholders at September 30, 2011

(continued)

(e) Long-term Debt (Continued)

Prior Year Defeasance of Debt

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of September 30, 2011, $36.925 million of bonds are considered defeased.

Arbitrage Rebate Liabilities

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County's currently has no cumulative rebate.

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2011, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation	$ 383,805	$ 53,520	$ 49,745	$ 387,580	$ 26,767
Compensated absences	6,624	8,040	8,014	6,650	4,500
Claims and judgments	4,621	19,469	19,772	4,318	2,975
Unamortized bond premiums	12,652	2,419	1,066	14,005	258
Arbitrage	30	-	30	-	-
OPEB	19,071	-	19,071	-	-
Total governmental activity	$ 426,803	$ 83,448	$ 97,698	$ 412,553	$ 34,500

Compensated absences are liquidated in the funds that have employees (i.e., General Fund, General Road and Bridge Fund, Health Care Foundation Fund, etc.). Arbitrage liabilities are liquidated with Debt Service Funds, and no longer exist due to low investment earnings compared to the interest paid on debt. The Other Post Employment Benefit liability no longer exists due to Commissioners Court eliminating the benefit that was creating the liability.

(continued)

(e) Long-term Debt (Continued)

Contractual Maturities

The annual debt service for general obligation bonds is as follows (in thousands):

Fiscal Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest
2012	$ 26,050	$ 17,800
2013	27,345	16,105
2014	25,035	14,978
2015	26,150	13,849
2016	25,915	12,662
2017-2021	134,470	42,982
2022-2026	94,355	17,184
2027-2031	28,260	2,313
	$ 387,580	$ 137,873

The Debt Service Funds have $1,812,620 available to service the general long-term bond retirement. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

Conduit Debt

The Housing Finance Corporation issues single-family revenue bonds to provide financial assistance to qualified homeowners. As of September 30, 2011, there were 13 series of single-family and multi-family revenue bonds outstanding, with an aggregate principal amount payable of $823,444. This debt is not the obligation of the County. The HFC's liability to pay off debt is limited to revenues received on the loans made from the funds and the balance on the original funding held in trust.

(f) Interfund Receivables, Payable Balances and Transfers

Activity between funds that represent the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year-end are referred to as "Due to/from other funds." The composition of inter-fund balances as of September 30, 2011, is as follows (in thousands):

	Due from	Due to
Due to/from other funds:		
General fund	$ 1,014,281	$ -
Nonmajor governmental funds	-	869,693
Proprietary type fund - animal safety fund	-	144,588
Total	$ 1,014,281	$ 1,014,281

The activity between the General Fund and other funds represent additional funding for special activities, and local matching of grants.

(continued)

(f) Interfund Receivables, Payable Balances and Transfers (Continued)

Interfund advance activity is as follows:

	Advances to	Advances from
Advances from/to other funds:		
General Fund	$ 16,816,388	$ -
2003 Road Bond Capital Projects Fund	14,499	-
Nonmajor governmental funds	1,340,558	-
Animal Safety Internal Service Fund	-	1,133,630
Collin County Toll Road Authority Fund	-	17,037,815
Total	$ 18,171,445	$ 18,171,445

These balances are a result of funding for two separate activities. The first is a $1,133,630 balance to fund the Animal Shelter in the Animal Safety fund. This is planned to be financed over a ten-year period. The second activity is financing the new Collin County Toll Road Authority Fund to build the Outer Loop (Loop 9) through Collin County. These advances are planned to be paid back in the future with toll revenues generated from this project.

All transfers are reported under other financing sources (uses). The accumulated total of interfund transfers for the fiscal year ending September 30, 2011, is as follows:

	Transfer In	Transfer Out
Governmental Funds:		
General Fund	$ 25,557	$ 1,001,263
Health Care Foundation	425	-
Debt Service Fund	629,000	-
Nonmajor Funds	549,609	193,404
Total	$ 1,204,591	$ 1,194,667

The General Fund transfer out includes of $629,000 transferred to the Debt Service Fund to take advantage of a refunding opportunity that will save the County over $1 million in future interest payments. The remaining activity includes transfers to create new funds for tracking restricted funds including grant activity and supporting activities in other special revenue funds that were not fully supporting themselves. The difference in the total transfer in and transfer out is due to the transfer of capital assets to the Collin County Toll Road Authority, which is a proprietary-type fund.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

(g) Leases

As leaser, HCF has a number of non-cancelable operating leases with minimum future rentals in aggregate of $3,910,564. The buildings are carried at a book value of $6,423,011 with accumulated depreciation of $4,543,593. Future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	HFC Contractual Future Rental Revenues
2012	$ 1,101,887
2013	1,069,485
2014	945,913
2015	793,279
	$ 3,910,564

Collin County leases office space under operating leases that expire over periods of up to six years. Most of the leases are non-cancelable and renewal options are available. The aggregate total of these lease obligations is $9,499,497 for the year ended September 30, 2011. At September 30, 2011, future minimum rental payments applicable to the operating leases are as follows:

Fiscal Year Ending September 30,	Contractual Future Rental Obligations
2012	$ 2,395,029
2013	2,146,600
2014	1,238,631
2015	1,053,130
	$ 6,833,390

IV. OTHER INFORMATION

(a) Risk Management

The County has elected to provide a limited risk self-funded group health insurance program to eligible employees and dependents, and is partially self-insured against the risks arising from tort claims, workers' compensation benefits due employees who are injured while on duty, losses of funds by theft or mysterious disappearances in all fee offices of the County and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has also chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Employment Commission.

(continued)

IV. OTHER INFORMATION (Continued)

(a) Risk Management (Continued)

The Health Insurance Claims Fund was established to account for the County's group health and dental insurance. A third-party administrator, United Healthcare, administers the County plan. During the year ended September 30, 2011, the County paid seven hundred and fifty-five per month for medical and dental benefits per budgeted position to the plan. Employees, at their option, authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage. Individual stop-loss deductible is $100 per person.

Collin County had a slight decrease in health insurance claims in fiscal year 2011. In spite of the decrease in claims the fund balance decreased to $4,177,421, down from $5,657,294 in 2010. Premiums remained the same in the fiscal 2012 with some reductions in benefits. Management continues to monitor the claims and has made changes to coverage to help keep costs down.

The County's Workers' Compensation Fund self-insurance program provides medical and indemnity payments as required by law for on-the-job related injuries up to a stop loss of $275,000. The third-party administrator for the program, Tri-star, monitors the filing of claims, verifies the legitimacy of those claims, and processes payments to the injured employees. The County is protected against catastrophic individual or aggregate loss by stop-loss coverage carried through State National Insurance Company.

Losses as a result of theft, mysterious disappearance, and damage or destruction of assets are accounted for in the Liability Claims Internal Service Fund. The County carries insurance through various commercial insurance companies to limit losses to reasonable deductible levels. The County did not experience any identified material violations of financial-related legal or contractual provisions.

Premiums are paid into each individual insurance internal service fund by the other funds they service. Contracted insurance providers receive disbursements from each fund based on monthly enrollment and premium calculations or actual cost plus an administrative fee. All of each fund's resources are available to pay the particular type of claims, claim reserves and administrative costs of that specific program. Liabilities of each fund are reported when it is probable that a loss or claim has occurred and the amount of the loss or claim is known or can be reasonably estimated.

Liabilities include an amount for claims or judgments that have been incurred but not reported. The estimate of the claims and judgments liability also includes amounts to guard against catastrophic loss. No settlements in the past three years have exceeded insurance coverage. Changes in the medical, workers' compensation and claims liability amounts in fiscal years 2010 and 2011 follow (in thousands):

	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
2011 Employee Medical	$ 855	$ 16,671	$ 16,671	$ 855
2010 Employee Medical	855	17,097	17,097	855
2011 Workers' Compensation	638	557	557	638
2010 Workers' Compensation	638	490	490	638
2011 Claims Liability	447	90	90	447
2010 Claims Liability	447	167	167	447

(continued)

IV. OTHER INFORMATION (Continued)

(b) Commitments and Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is named as a defendant in various lawsuits related to alleged violations of constitutional and employment rights. In all of these cases, the County is denying the allegations and is vigorously defending against them. County officials estimate that the potential claims against the County will not materially adversely affect the financial position of the County.

(c) Longevity Pay

Longevity pay for the County's employees is calculated and paid annually if approved by the Commissioners' Court. The formula for its calculation has been adopted as policy by the Court however it is only available to employees hired before December 18, 2007. The liability for the 2011 budget year has been recorded in the government fund statements as a current expenditure since the liability was paid as part of the last payroll in fiscal year 2011.

(d) Post-Retirement Health Benefits

Plan Description

The County's post-employment benefit plan is a single-employer defined benefit plan. Effective February of 2011 the County offers health benefits at actuarial cost and no longer offers supplements. The applicable coverage amount applies to both retiree and the retiree's spouse when they reach age 65 and is available only if the retiree is not covered under another insurance policy other than Medicare. Spouse coverage is only available if they were on the County's plan prior to the employee's retirement from the County. County coverage is secondary to upon eligibility for Medicare coverage. No post-employment liability exists since retirees are paying the full cost of this benefit.

(e) Retirement Commitments

(1) Plan Description

The County provides retirement, disability and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee defined benefit pension retirement system consisting of 574 public employee defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the board of trustees at P. O. Box 2034, Austin, Texas 78768-2034 or can be viewed at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the state statutes governing the TCDRS (TCDRS Act). Members employed by Collin County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

(continued)

(e) Retirement Commitments (Continued)

(1) Plan Description (Continued)

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.

(2) Funding Policy

The County has elected the annually determined contribution rate (variable rate) 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 County is actuarially determined annually. The County contributed an amount of 13.5% in both calendar years of 2010 and 2011 which was more than the actuarial required rate of 10.43% in 2011 and 12.81% in 2010. In addition the County also contributed a lump sum payment of $40.5 million to fully pay down all unfunded liabilities. The contribution rate payable by the employee members for the calendar years of 2009 and 2010 is 7 % as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

(3) Annual Pension Cost

For the accounting year ended September 30, 2011, the annual pension cost for Collin County to the TCDRS plan for its employees was $10,857,434 and the actual contributions were $10,857,434. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, of 2008, 2009 and 2010, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2008 and ending with 2010. The December 31, 2010 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial valuation date	12/31/2008	12/31/2009	12/31/2010
Actuarial cost method	Entry age	Entry age	Entry age
Amortization cost method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Asset valuation method	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

IV. OTHER INFORMATION (Continued)

(e) Retirement Commitments (Continued)

(3) Annual Pension Cost (Continued)

Annual Pension Cost

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2008	$ 11,017	100%	—
September 30, 2009	11,827	100%	—
September 30, 2010	11,514	100%	—

(f) Cost-sharing Arrangement

In January of 2006 Collin County Commissioners Court approved a Letter of Understanding and resolution for the recommendation to purchase and implement Tyler Technologies "Odyssey" as the single Common Integrated Justice System (CIJS) for the County. This cost sharing arrangement is intended to spread the cost of developing a state wide courts system between all the counties currently participating and those who participate in the system in the future.

In March of 2006 Collin County entered into an agreement with the Texas Conference of Urban Counties and Tyler Technologies to participate in the development of CIJS and issued tax notes to fund the project. The court civil case project was implemented in prior years and the criminal case project went live in August of 2010.

REQUIRED
SUPPLEMENTARY INFORMATION

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COLLIN COUNTY, TEXAS

Required Supplementary Information

Schedule of Revenues, Expenditures, and

Changes in Fund Balance – Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(negative)**
Revenues:				
Taxes:				
Property	$ 131,325,781	$ 131,325,781	$ 131,828,854	$ 503,073
Licenses and permits	244,000	244,000	314,052	70,052
Federal and state funds	6,154,166	6,180,472	6,379,302	198,830
Fees and charges for services	16,373,512	16,414,520	17,054,849	640,329
Fines and forfeitures	1,748,000	1,748,000	1,992,671	244,671
Rental	239,600	239,600	170,184	(69,416)
Interest	1,222,410	1,222,410	2,117,949	895,539
Miscellaneous	464,840	482,174	762,501	280,327
Total revenues	157,772,309	157,856,957	160,620,362	2,763,405
Expenditures:				
Current:				
General administration	38,838,322	71,935,942	63,529,742	8,406,200
Judicial	15,571,715	15,721,889	14,954,776	767,113
Financial administration	10,589,673	10,589,536	10,093,805	495,731
Legal	10,909,274	10,919,734	10,465,059	454,675
Public facilities	10,506,804	10,538,806	10,159,746	379,060
Equipment services	2,309,851	2,436,173	2,094,787	341,386
Public safety	57,930,378	58,663,735	57,793,126	870,609
Health and welfare	12,353,796	13,195,724	12,011,123	1,184,601
Culture and recreation	1,123,078	1,123,033	1,028,684	94,349
Conservation	316,211	315,395	278,096	37,299
Capital outlay	16,051,713	16,738,440	11,600,278	5,138,162
Total expenditures	176,500,815	212,178,407	194,009,222	18,169,185
Excess of revenues over expenditures	(18,728,506)	(54,321,450)	(33,388,860)	20,932,590
Other financing sources (uses):				
Transfers in	-	15,633	25,557	9,924
Transfers out	(200,000)	(1,001,264)	(1,001,263)	1
Sale of assets	-	11,353	20,353	9,000
Total other financing sources (uses)	(200,000)	(974,278)	(955,353)	18,925
Net change in fund balance	(18,928,506)	(55,295,728)	(34,344,213)	20,951,515
Fund balance – beginning	187,689,474	187,689,474	187,689,474	-
Fund balance – ending	$ 168,760,968	$ 132,393,746	$ 153,345,261	$ 20,951,515

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund
For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Revenues:				
Licenses and permits	$ 2,000	$ 2,000	$ 1,431	$(569)
Fees and charges for services:				
Road mileage fees	6,500,000	6,500,000	5,597,117	(902,883)
Vehicle title fees	760,000	760,000	675,540	(84,460)
Road and bridge fees	5,755,500	5,755,500	6,570,315	814,815
Total fees and charges for services	13,015,500	13,015,500	12,842,972	(172,528)
Fines and forfeitures:				
County clerk	1,501,000	1,501,000	1,217,193	(283,807)
District clerk	565,000	565,000	601,882	36,882
Total fines and forfeitures	2,066,000	2,066,000	1,819,075	(246,925)
Interest	120,000	120,000	194,336	74,336
Miscellaneous:				
Sale of road and bridge materials	150,000	150,000	284,288	134,288
Other and grants	18,500	18,500	13,655	(4,845)
Total miscellaneous	168,500	168,500	297,943	129,443
Total revenues	15,372,000	15,372,000	15,155,757	(216,243)
Expenditures:				
Current:				
Public transportation:				
Road and bridge maintenance:				
Salaries and benefits	5,466,873	5,466,873	5,339,955	126,918
Maintenance and operating	16,632,501	15,632,991	9,633,850	5,999,141
Total road and bridge maintenance	22,099,374	21,099,864	14,973,805	6,126,059
Engineering:				
Salaries and benefits	415,989	415,989	405,648	10,341
Maintenance and operating	19,978	19,978	12,635	7,343
Total engineering	435,967	435,967	418,283	17,684

(continued)

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget (GAAP Basis) and Actual
General Road and Bridge Special Revenue Fund, continued
For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	**Final**	**Actual**	**(negative)**
Expenditures: (Continued)				
Current: (Continued)				
Public transportation: (Continued)				
Services and operations:				
Salaries and benefits	$ 458,212	$ 458,212	$ 446,314	$ 11,898
Maintenance and operating	13,793	13,793	2,557	11,236
Total services and operations	472,005	472,005	448,871	23,134
Soil conservation:				
Maintenance and operating	44,035	44,035	16,941	27,094
Special projects:				
Salaries and benefits	215,470	217,145	217,144	1
Maintenance and operating	2,025	350	234	116
Total special projects	217,495	217,495	217,378	117
Non-departmental:				
Maintenance and operating	480,490	480,490	210,343	270,147
Total public transportation	23,749,366	22,749,856	16,285,621	6,464,235
Capital outlay:				
Public transportation:				
Road and bridge maintenance	1,407,314	2,406,824	1,053,634	1,353,190
Total capital outlay	1,407,314	2,406,824	1,053,634	1,353,190
Total expenditures	25,156,680	25,156,680	17,339,255	7,817,425
Excess (deficiency) of revenues over (under) expenditures	(9,784,680)	(9,784,680)	(2,183,498)	7,601,182
Other financing sources (uses):				
Sale of assets	10,000	10,000	92,000	82,000
Total other financing sources (uses)	10,000	10,000	92,000	82,000
Net change in fund balance	(9,774,680)	(9,774,680)	(2,091,498)	7,683,182
Fund balance - beginning	19,226,836	19,226,836	19,226,836	-
Fund balance - ending	$ 9,452,156	$ 9,452,156	$ 17,135,338	$ 7,683,182

COLLIN COUNTY, TEXAS

Required Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
Health Care Foundation Special Revenue Fund
For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Revenues:				
Federal and state funds	$ -	$ 104,116	$ 104,116	$ -
Fees and charges for services	236,000	236,000	269,773	33,773
Rental	1,193,262	1,193,262	1,163,911	(29,351)
Interest	120,000	120,000	168,431	48,431
Miscellaneous	73,100	1,000	6,880	5,880
Total revenues	1,622,362	1,654,378	1,713,111	58,733
Expenditures:				
Current:				
Health and welfare:				
Salaries and benefits	1,540,030	1,540,030	1,421,653	118,377
Maintenance and operating	3,432,252	3,455,372	1,551,417	1,903,955
Total health and welfare	4,972,282	4,995,402	2,973,070	2,022,332
Public facilities:				
Maintenance and operating	430,528	430,528	312,863	117,665
Total public facilities	430,528	430,528	312,863	117,665
Capital outlay:				
Health and welfare	-	90,888	78,365	12,523
Total capital outlay	-	90,888	78,365	12,523
Total expenditures	5,402,810	5,516,818	3,364,298	2,152,520
Excess (deficiency) of revenues over (under) expenditures	(3,780,448)	(3,862,440)	(1,651,187)	2,211,253
Other financing sources (uses):				
Transfers in	-	425	425	-
Total other financing sources (uses)	-	425	425	-
Net change in fund balance	(3,780,448)	(3,862,015)	(1,650,762)	2,211,253
Fund balance – beginning	10,950,588	10,950,588	10,950,588	-
Fund balance – ending	$ 7,170,140	$ 7,088,573	$ 9,299,826	$ 2,211,253

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for all governmental funds with the exception capital project funds and the following special revenue funds: RTR – Wylie Fund, RTR – Outer Loop Phase 3 Fund, Grants Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, LEOSE Education Fund, Tax Assessor/Collector Motor Vehicle Tax Fund, District Attorney Service Fee Fund, SCAAP Fund, and the Grants Fund. The budget for capital project funds is adopted at the time debt is issued, and the budget is rolled from year to year until the funding is exhausted. All grant fund budgets are adopted at the grantor level and adoption is ministerial by Commissioners Court. All governmental fund annual appropriations lapse at fiscal year end.

On or before the last day of May of each year all departments of the County submit requests for appropriations of the Budget Officer. The initial budget request and the Budget Officer's recommendations are provided to the Commissioners Court beginning in early July. Commissioners Court holds budget hearings to allow departments to justify requests not included in the Budget Officer's proposed budget. They hold public hearings and publish notices starting in August on the timetable required by state statute. By September 1 or as soon as possible there after the budget and the tax rate are adopted with tax notices mailed on or after October1.

The appropriated budget is adopted annually by fund, department, and activity at the legal level of budgetary control. The categories of salary and benefits, maintenance and operating, and capital assets are the legal levels used. Effective September 1, 2005, the Commissioners Court amended this policy to allow the Budget Officer to amend the budget as needed for appropriation line items with a "For Your Information Notification" to the Court for all amendments over $5,000.

Encumbrance accounting is utilized by the County. Encumbrances (i.e. purchase orders, contracts) outstanding at year end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent fiscal year.

Employees Retirement System Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2008	$ 189,983	$ 231,578	$ 41,595	82.04%	$ 74,027	56.19%
December 31, 2009	220,110	260,383	40,273	84.53%	77,650	51.86%
December 31, 2010	242,207	276,761	34,554	87.51%	85,291	40.51%

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ADDITIONAL
SUPPLEMENTARY INFORMATION

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Current:				
General Administration:				
County Judge:				
Salaries and benefits	$ 170,029	$ 170,029	$ 168,666	$ 1,363
Maintenance and operating	14,352	14,352	4,459	9,893
Total County Judge	184,381	184,381	173,125	11,256
Commissioners Court:				
Salaries and benefits	557,871	557,871	557,744	127
Maintenance and operating	74,260	74,260	30,363	43,897
Total Commissioners Court	632,131	632,131	588,107	44,024
County Clerk:				
Salaries and benefits	1,855,549	1,855,549	1,722,343	133,206
Maintenance and operating	579,744	579,744	46,937	532,807
Total County Clerk	2,435,293	2,435,293	1,769,280	666,013
Support Services:				
Salaries and benefits	169,787	172,498	172,498	-
Maintenance and operating	1,362,088	1,361,195	1,351,193	10,002
Total Support Services	1,531,875	1,533,693	1,523,691	10,002
Human Resources:				
Salaries and benefits	1,418,746	1,418,746	1,348,990	69,756
Maintenance and operating	88,571	88,571	50,282	38,289
Total Human Resources	1,507,317	1,507,317	1,399,272	108,045
Veterans' Service Officer:				
Salaries and benefits	242,013	242,013	182,336	59,677
Maintenance and operating	2,755	2,755	1,831	924
Total Veterans' Service Officer	244,768	244,768	184,167	60,601

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
General Administration: (Continued)				
Enterprise Resource Planning:				
Salaries and benefits	$ 531,954	$ 531,954	$ 521,740	$ 10,214
Maintenance and operating	8,975	8,975	205	8,770
Total Enterprise Resource Planning	540,929	540,929	521,945	18,984
Non-Departmental:				
Salaries and benefits	372,950	393,085	176,527	216,558
Maintenance and operating	21,345,129	54,374,260	48,399,445	5,974,815
Total Non-Departmental	21,718,079	54,767,345	48,575,972	6,191,373
Non-Departmental Capital replacement -				
Maintenance and operating	593,521	617,821	349,150	268,671
Administrative Services:				
Salaries and benefits	802,754	802,754	799,404	3,350
Maintenance and operating	16,100	16,100	6,771	9,329
Total Administrative Services	818,854	818,854	806,175	12,679
Risk Management:				
Salaries and benefits	92,219	92,219	92,214	5
Maintenance and operating	1,514,782	1,514,782	1,475,000	39,782
Total Risk Management	1,607,001	1,607,001	1,567,214	39,787
Information Technology:				
Salaries and benefits	2,939,076	2,939,076	2,777,099	161,977
Maintenance and operating	279,526	282,026	105,588	176,438
Total Information Technology	3,218,602	3,221,102	2,882,687	338,415
Elections:				
Salaries and benefits	1,072,880	1,141,493	1,142,435	(942)
Maintenance and operating	190,623	122,010	28,883	93,127
Total Elections	1,263,503	1,263,503	1,171,318	92,185

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
General Administration: (Continued)				
Records:				
Salaries and benefits	$ 478,720	$ 487,736	$ 487,736	$ -
Maintenance and operating	54,911	45,895	12,837	33,058
Total Records	533,631	533,631	500,573	33,058
Telecommunications:				
Salaries and benefits	669,136	680,184	680,184	-
Maintenance and operating	1,339,301	1,347,989	836,882	511,107
Total Telecommunications	2,008,437	2,028,173	1,517,066	511,107
Total General Administration	38,838,322	71,935,942	63,529,742	8,406,200
Judicial:				
County Court Probate:				
Salaries and benefits	441,769	443,516	443,516	-
Maintenance and operating	11,400	11,400	10,929	471
Total County Court Probate	453,169	454,916	454,445	471
County Courts-at-Law:				
County Courts-at-Law combined - Maintenance and operating	163,300	163,300	103,288	60,012
County Court-at-Law I:				
Salaries and benefits	463,213	463,213	461,536	1,677
Maintenance and operating	11,675	11,675	2,962	8,713
Total County Court-at-Law I	474,888	474,888	464,498	10,390
County Court-at-Law II:				
Salaries and benefits	488,829	489,889	489,889	-
Maintenance and operating	9,690	8,630	2,801	5,829
Total County Court-at-Law II	498,519	498,519	492,690	5,829

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	**Final**	**Actual**	**(negative)**
Judicial: (Continued)				
County Courts-at-Law: (Continued)				
County Court-at-Law III:				
Salaries and benefits	$ 445,702	$ 445,702	$ 439,846	$ 5,856
Maintenance and operating	10,480	10,480	7,907	2,573
Total County Court-at-Law III	456,182	456,182	447,753	8,429
County Court-at-Law No. IV:				
Salaries and benefits	438,133	438,133	431,121	7,012
Maintenance and operating	12,337	12,337	5,062	7,275
Total County Court-at-Law IV	450,470	450,470	436,183	14,287
County Court-at-Law V:				
Salaries and benefits	457,521	457,521	455,383	2,138
Maintenance and operating	10,190	10,190	7,215	2,975
Total County Court-at-Law V	467,711	467,711	462,598	5,113
County Court-at-Law VI:				
Salaries and benefits	440,107	440,107	429,394	10,713
Maintenance and operating	10,682	10,682	7,208	3,474
Total County Court-at-Law VI	450,789	450,789	436,602	14,187
Total County Courts-at-Law	2,961,859	2,961,859	2,843,612	118,247
County Court-at-Law Clerks:				
Salaries and benefits	1,482,720	1,552,380	1,552,379	1
Maintenance and operating	22,878	13,908	13,838	70
Total County Court-at-Law Clerks	1,505,598	1,566,288	1,566,217	71
County Clerks - Probate/mental:				
Salaries and benefits	274,398	274,398	271,785	2,613
Maintenance and operating	224,768	296,768	205,982	90,786
Total County Clerks - Probate/mental	499,166	571,166	477,767	93,399

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Judicial: (Continued)				
District Courts:				
District Courts Combined:				
Salaries and benefits	$ 234,731	$ 234,731	$ 233,832	$ 899
Maintenance and operating	363,956	363,956	352,417	11,539
Total District Courts Combined	598,687	598,687	586,249	12,438
199th District Court:				
Salaries and benefits	317,104	317,104	307,132	9,972
Maintenance and operating	10,680	10,680	7,492	3,188
Total 199th District Court	327,784	327,784	314,624	13,160
219th District Court:				
Salaries and benefits	307,192	310,695	310,694	1
Maintenance and operating	11,713	9,535	8,898	637
Total 219th District Court	318,905	320,230	319,592	638
296th District Court:				
Salaries and benefits	316,797	317,474	317,474	-
Maintenance and operating	11,185	10,508	5,210	5,298
Total 296th District Court	327,982	327,982	322,684	5,298
366th District Court:				
Salaries and benefits	313,286	315,708	315,707	1
Maintenance and operating	11,471	10,824	10,573	251
Total 366th District Court	324,757	326,532	326,280	252
380th District Court:				
Salaries and benefits	284,280	284,673	284,673	-
Maintenance and operating	14,464	14,071	5,111	8,960
Total 380th District Court	298,744	298,744	289,784	8,960
401st District Court:				
Salaries and benefits	316,276	322,593	322,593	-
Maintenance and operating	11,195	6,734	6,314	420
Total 401st District Court	327,471	329,327	328,907	420

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Judicial: (Continued)				
District Courts: (Continued)				
416th District Court:				
Salaries and benefits	$ 303,687	$ 319,029	$ 319,028	$ 1
Maintenance and operating	11,586	7,025	6,455	570
Total 416th District Court	315,273	326,054	325,483	571
417th District Court:				
Salaries and benefits	294,857	296,892	296,892	-
Maintenance and operating	11,379	9,344	8,582	762
Total 417th District Court	306,236	306,236	305,474	762
429th District Court:				
Salaries and benefits	296,968	296,968	284,235	12,733
Maintenance and operating	13,785	13,785	6,634	7,151
Total 417th District Court	310,753	310,753	290,869	19,884
Total District Courts	3,456,592	3,472,329	3,409,946	62,383
District Clerk:				
Salaries and benefits	3,488,813	3,488,813	3,408,052	80,761
Maintenance and operating	90,767	90,767	68,306	22,461
Total District Clerk	3,579,580	3,579,580	3,476,358	103,222
Jury Fund - District Clerk:				
Salaries and benefits	232,331	232,331	231,968	363
Maintenance and operating	741,112	741,112	413,648	327,464
Total Jury Fund - District Clerk	973,443	973,443	645,616	327,827
Justices of the Peace:				
Justice of the Peace, Precinct 1:				
Salaries and benefits	449,414	449,414	448,536	878
Maintenance and operating	9,800	9,800	5,183	4,617
Total Justice of the Peace, Precinct 1	459,214	459,214	453,719	5,495
Justice of the Peace, Precinct 2:				
Salaries and benefits	401,609	401,609	390,290	11,319
Maintenance and operating	17,306	17,306	12,058	5,248
Total Justice of the Peace, Precinct 2	418,915	418,915	402,348	16,567

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Judicial: (Continued)				
Justices of the Peace: (Continued)				
Justice of the Peace, Precinct 3-1:				
Salaries and benefits	$ 361,326	$ 361,326	$ 357,362	$ 3,964
Maintenance and operating	7,872	7,872	4,972	2,900
Total Justice of the Peace, Precinct 3-1	369,198	369,198	362,334	6,864
Justice of the Peace, Precinct 3-2:				
Salaries and benefits	398,571	398,571	392,211	6,360
Maintenance and operating	9,638	9,638	8,877	761
Total Justice of the Peace, Precinct 3-2	408,209	408,209	401,088	7,121
Justice of the Peace, Precinct 4:				
Salaries and benefits	468,644	468,644	454,044	14,600
Maintenance and operating	18,128	18,128	7,282	10,846
Total Justice of the Peace, Precinct 4	486,772	486,772	461,326	25,446
Total Justices of the Peace	2,142,308	2,142,308	2,080,815	61,493
Total Judicial	15,571,715	15,721,889	14,954,776	767,113
Financial Administration:				
County Auditor:				
Salaries and benefits	2,411,643	2,411,643	2,399,433	12,210
Maintenance and operating	59,994	59,994	45,824	14,170
Total County Auditor	2,471,637	2,471,637	2,445,257	26,380
Budget Director:				
Salaries and benefits	569,099	569,099	532,258	36,841
Maintenance and operating	19,260	19,260	13,624	5,636
Total Budget Director	588,359	588,359	545,882	42,477
County Court-at-Law Clerks Collections:				
Salaries and benefits	271,059	270,922	202,983	67,939
Maintenance and operating	14,450	14,450	5,159	9,291
Total County Court-at-Law Clerks Collections	285,509	285,372	208,142	77,230

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Financial Administration: (Continued)				
Tax Assessor-Collector:				
Salaries and benefits	$ 4,386,413	$ 4,386,413	$ 4,136,233	$ 250,180
Maintenance and operating	166,403	166,403	127,270	39,133
Total Tax Assessor-Collector	4,552,816	4,552,816	4,263,503	289,313
Treasury:				
Salaries and benefits	281,511	281,772	281,771	1
Maintenance and operating	8,717	8,456	553	7,903
Total Treasury	290,228	290,228	282,324	7,904
Tax Appraiser -				
Maintenance and operating	1,129,533	1,129,533	1,106,872	22,661
Purchasing Department:				
Salaries and benefits	1,244,851	1,244,851	1,221,667	23,184
Maintenance and operating	26,740	26,740	20,158	6,582
Total Purchasing Department	1,271,591	1,271,591	1,241,825	29,766
Total Financial Administration	10,589,673	10,589,536	10,093,805	495,731
Legal:				
District Attorney:				
Salaries and benefits	10,502,820	10,502,820	10,137,121	365,699
Maintenance and operating	406,454	406,454	317,478	88,976
Total District Attorney	10,909,274	10,909,274	10,454,599	454,675
Court Appointed Prosecutor:				
Maintenance and operating	-	10,460	10,460	-
Total Court Appointed Prosecutor	-	10,460	10,460	-
Total Legal	10,909,274	10,919,734	10,465,059	454,675

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Public Facilities:				
Facilities management:				
Salaries and benefits	$ 419,708	$ 419,708	$ 406,413	$ 13,295
Maintenance and operating	1,547,792	1,547,792	1,384,189	163,603
Total Facilities Management	1,967,500	1,967,500	1,790,602	176,898
Building Superintendent:				
Salaries and benefits	3,286,086	3,302,325	3,302,325	-
Maintenance and operating	5,040,349	5,027,757	4,929,021	98,736
Total Building Superintendent	8,326,435	8,330,082	8,231,346	98,736
Permanent Services:				
Maintenance and operating	212,869	241,224	137,798	103,426
Total Permanent Services	212,869	241,224	137,798	103,426
Total Public Facilities	10,506,804	10,538,806	10,159,746	379,060
Equipment Services:				
Service center:				
Salaries and benefits	1,023,261	1,023,261	991,888	31,373
Maintenance and operating	1,286,590	1,412,912	1,102,899	310,013
Total Equipment Services	2,309,851	2,436,173	2,094,787	341,386
Public Safety:				
Ambulance -				
Maintenance and operating	907,534	907,534	839,503	68,031
Fire Marshal:				
Salaries and benefits	360,876	360,876	345,289	15,587
Maintenance and operating	1,014,058	1,014,058	1,012,375	1,683
Total Fire Marshal	1,374,934	1,374,934	1,357,664	17,270

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Public Safety: (Continued)				
Breathalyzer Program -				
Maintenance and operating	$ 40,000	$ 40,000	$ 25,838	$ 14,162
Total Breathalyzer Program	40,000	40,000	25,838	14,162
Constables:				
Constable, Precinct 1:				
Salaries and benefits	945,910	949,426	949,425	1
Maintenance and operating	8,236	6,493	5,796	697
Total Constable, Precinct 1	954,146	955,919	955,221	698
Constable, Precinct 2:				
Salaries and benefits	459,278	464,295	464,295	-
Maintenance and operating	4,973	1,736	1,679	57
Total Constable, Precinct 2	464,251	466,031	465,974	57
Constable, Precinct 3:				
Salaries and benefits	1,294,877	1,302,442	1,302,442	-
Maintenance and operating	13,348	8,959	7,279	1,680
Total Constable, Precinct 3	1,308,225	1,311,401	1,309,721	1,680
Constable, Precinct 4:				
Salaries and benefits	946,909	980,230	980,229	1
Maintenance and operating	15,198	7,956	7,733	223
Total Constable, Precinct 4	962,107	988,186	987,962	224
Total Constables	3,688,729	3,721,537	3,718,878	2,659

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Public Safety: (Continued)				
Sheriff:				
Salaries and benefits	$ 11,824,932	$ 12,062,726	$ 12,062,726	$ -
Maintenance and operating	361,655	314,115	285,588	28,527
Total Sheriff	12,186,587	12,376,841	12,348,314	28,527
Jail Operations:				
Salaries and benefits	17,145,855	17,439,052	17,439,051	1
Maintenance and operating	1,586,688	1,586,688	1,494,715	91,973
Total Jail Operations	18,732,543	19,025,740	18,933,766	91,974
Minimum Security Operations:				
Salaries and benefits	2,893,566	2,893,566	2,863,645	29,921
Maintenance and operating	332,267	332,267	165,893	166,374
Total Minimum Security Operations	3,225,833	3,225,833	3,029,538	196,295
Medical Examiner:				
Salaries and benefits	885,399	886,840	886,840	-
Maintenance and operating	232,921	277,853	277,853	-
Total Medical Examiner	1,118,320	1,164,693	1,164,693	-
Civil Defense -				
Maintenance and operating	10,000	10,000	10,000	-
Total Civil Defense	10,000	10,000	10,000	-
Highway Patrol:				
Maintenance and operating	22,896	31,072	31,071	1
Total Highway Patrol	22,896	31,072	31,071	1
Community Supervision -				
Maintenance and operating	30,000	30,000	30,000	-
Total Community Supervision	30,000	30,000	30,000	-

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Public Safety: (Continued)				
County Corrections Center:				
Salaries and benefits	$ 205,635	$ 216,130	$ 216,130	$ -
Total County Corrections Center	205,635	216,130	216,130	-
Child Abuse Task Force:				
Salaries and benefits	317,958	331,480	331,479	1
Maintenance and operating	2,200	362	362	-
Total Child Abuse Task Force	320,158	331,842	331,841	1
911 Addressing:				
Salaries and benefits	500,006	500,006	490,140	9,866
Maintenance and operating	59,293	59,293	28,130	31,163
Total 911 Addressing	559,299	559,299	518,270	41,029
Jail Cafeteria -				
Maintenance and operating	48,448	48,448	37,009	11,439
Total Jail Cafeteria	48,448	48,448	37,009	11,439
Holding Facility:				
Salaries and benefits	2,533,410	2,533,410	2,527,973	5,437
Maintenance and operating	19,295	19,295	10,294	9,001
Total Holding Facility	2,552,705	2,552,705	2,538,267	14,438
Homeland Security:				
Salaries and benefits	513,555	513,555	429,624	83,931
Maintenance and operating	16,599	16,599	9,914	6,685
Total Homeland Security	530,154	530,154	439,538	90,616
Juvenile Board:				
Juvenile Probation:				
Salaries and benefits	2,599,795	2,598,022	2,523,080	74,942
Maintenance and operating	498,381	568,241	474,227	94,014
Total Juvenile Probation	3,098,176	3,166,263	2,997,307	168,956

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Public Safety: (Continued)				
Juvenile Board: (Continued)				
Juvenile detention:				
Salaries and benefits	$ 6,283,561	$ 6,279,409	$ 6,331,938	$(52,529)
Maintenance and operating	624,991	632,523	515,428	117,095
Total Juvenile Detention	6,908,552	6,911,932	6,847,366	64,566
Community Corrections:				
Salaries and benefits	868,191	867,594	827,603	39,991
Total Community Corrections	868,191	867,594	827,603	39,991
Juvenile Alternative Education:				
Salaries and benefits	414,294	414,294	423,271	(8,977)
Maintenance and operating	380,318	449,818	446,478	3,340
Total Juvenile Alternative Education	794,612	864,112	869,749	(5,637)
Total Juvenile Board	11,669,531	11,809,901	11,542,025	267,876
Pretrial Release:				
Maintenance and operating	60,600	60,600	44,716	15,884
Total Pretiral Release	60,600	60,600	44,716	15,884
Code Inspection:				
Salaries and benefits	609,310	609,310	604,973	4,337
Maintenance and operating	37,162	37,162	17,193	19,969
Total Code Inspection	646,472	646,472	622,166	24,306
Loan Agreement:				
Maintenance and operating	-	-	13,899	(13,899)
Total Loan Agreement	-	-	13,899	(13,899)
Total Public Safety	57,930,378	58,663,735	57,793,126	870,609

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Health and Welfare:				
Mental Health and Retardation -				
Maintenance and operating	$ 1,319,125	$ 1,319,125	$ 759,125	$ 560,000
Inmate Health -				
Maintenance and operating	4,625,000	4,625,000	4,079,195	545,805
Pauper Care and Charity -				
Maintenance and operating	3,000	3,000	-	3,000
Substance Abuse:				
Salaries and benefits	213,094	213,094	160,051	53,043
Maintenance and operating	4,850	4,850	2,523	2,327
Total Substance Abuse	217,944	217,944	162,574	55,370
Indigent Defense Coordinator:				
Salaries and benefits	122,352	122,271	103,994	18,277
Maintenance and operating	4,400	4,400	2,392	2,008
Total Indigent Defense Coordinator	126,752	126,671	106,386	20,285
Indigent Criminal Defendants-				
Maintenance and operating	6,061,975	6,903,984	6,903,843	141
Total Health and Welfare	12,353,796	13,195,724	12,011,123	1,184,601
Culture and Recreation:				
Libraries -				
Maintenance and operating	299,220	299,220	299,220	-
Open Space:				
Salaries and benefits	11,700	11,700	11,700	-
Maintenance and operating	23,433	23,433	8,775	14,658
Total Open Space	35,133	35,133	20,475	14,658

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Culture and Recreation: (Continued)				
Historical Society -				
Maintenance and operating	$ 50,000	$ 50,000	$ 48,264	$ 1,736
Myers Park Operating:				
Salaries and benefits	520,763	520,718	474,724	45,994
Maintenance and operating	217,962	217,962	186,001	31,961
Total Myers Park Operating	738,725	738,680	660,725	77,955
Total Culture and Recreation	1,123,078	1,123,033	1,028,684	94,349
Conservation:				
Agriculture Extension Services:				
Salaries and benefits	301,445	301,226	265,990	35,236
Maintenance and operating	14,766	14,169	12,106	2,063
Total Agriculture Extension Service	316,211	315,395	278,096	37,299
Total Conservation	316,211	315,395	278,096	37,299
Capital Outlay:				
General Administration:				
Non-departmental	66,556	103,181	14,802	88,379
Non-departmental capital replacement	458,782	434,482	126,420	308,062
Information technology	5,500	101,500	-	101,500
Telecommunications	-	546,913	319,705	227,208
Total General Administration	530,838	1,186,076	460,927	725,149
Public Facilities				
Permanent improvement	14,854,707	14,826,352	10,737,091	4,089,261
Total Public Facilities	14,854,707	14,826,352	10,737,091	4,089,261

(continued)

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures, Compared to Budget (GAAP Basis)

General Fund, continued

For the Year Ended September 30, 2011

	Budget Original	Budget Final	Actual	Variance with Final Budget positive (negative)
Capital Outlay: (Continued)				
Equipment Services -				
Equipment Services	$ 629,910	$ 658,429	$ 356,557	$ 301,872
Total Equipment Services	629,910	658,429	356,557	301,872
Public Safety:				
Sheriff	10,298	10,298	4,009	6,289
911 addressing	2,500	2,500	2,500	-
Juvenile probation administration	-	31,325	21,325	10,000
Total Public Safety	12,798	44,123	27,834	16,289
Culture and Recreation:				
Myers Park operating	23,460	23,460	17,869	5,591
Total Culture and Recreation	23,460	23,460	17,869	5,591
Total Capital Outlay	16,051,713	16,738,440	11,600,278	5,138,162
Total Expenditures	$ 176,500,815	$ 212,178,407	$ 194,009,222	$ 18,169,185

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Revenues, Expenditures, and

Changes in Fund Balance – Budget (GAAP Basis) and Actual

Debt Service Funds

For the Year Ended September 30, 2011

	Budget			Variance with Final Budget positive
	Original	Final	Actual	(negative)
Revenues:				
Taxes - general property ad valorem	$ 39,415,448	$ 39,415,448	$ 39,568,030	$ 152,582
Federal and state funds	529,941	529,941	308,884	(221,057)
Interest	23,900	23,900	206,752	182,852
Total revenues	39,969,289	39,969,289	40,083,666	114,377
Expenditures:				
Debt service:				
Principal retirement	26,375,000	26,685,000	26,685,000	-
Interest and fiscal charges	17,112,800	17,836,676	16,682,967	1,153,709
Bond issuance costs	-	351,290	307,586	43,704
Advance refunding escrow	-	3,881,360	1,940,678	1,940,682
Total debt service	43,487,800	48,754,326	45,616,231	3,138,095
Total expenditures	43,487,800	48,754,326	45,616,231	3,138,095
Excess (deficiency) of revenues over (under) expenditures	(3,518,511)	(8,785,037)	(5,532,565)	3,252,472
Other financing sources (uses):				
Transfers in	-	629,000	629,000	-
Debt issuance	-	45,860,002	22,930,000	(22,930,002)
Refunding escrow payments	-	(46,120,000)	(23,060,000)	23,060,000
Premium (discount) on sale of bonds	-	4,489,927	2,419,246	(2,070,681)
Total other financing sources (uses)	-	4,858,929	2,918,246	(1,940,683)
Net change in fund balance	(3,518,511)	(3,926,108)	(2,614,319)	$ 1,311,789
Fund balance – beginning	4,426,939	4,426,939	4,426,939	
Fund balance – ending	$ 908,428	$ 500,831	$ 1,812,620	

COLLIN COUNTY, TEXAS

Additional Supplementary Information
Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
2003 Road Bond Capital Projects Fund
For the Year Ended September 30, 2011

	Prior Years	Current Year Final	Total to Date	Project Authorization
Revenues:				
Other local government funds	$ 1,792,907	$ -	$ 1,792,907	$ 1,792,907
Interest	12,103,346	271,383	12,374,729	12,374,729
Miscellaneous	35,000	-	35,000	35,000
Total revenues	13,931,253	271,383	14,202,636	14,202,636
Expenditures:				
Capital outlay:				
Roads, joint state highway, and joint city projects	113,982,090	15,129,035	129,111,125	156,224,172
Total capital outlay	113,982,090	15,129,035	129,111,125	156,224,172
Total expenditures	113,982,090	15,129,035	129,111,125	156,224,172
Excess (deficiency) of revenues over (under) expenditures	(100,050,837)	(14,857,652)	(114,908,489)	(142,021,536)
Other financing sources (uses):				
Debt issuance	137,988,623	-	137,988,623	137,988,623
Refunding escrow payments	4,018,414	-	4,018,414	4,018,414
Premium (discount) on sale of bonds	14,499	-	14,499	14,499
Total other financing sources (uses)	142,021,536	-	142,021,536	142,021,536
Net change in fund balance	$ 41,970,699	(14,857,652)	$ 27,113,047	$ -
Fund balance – beginning		41,970,699		
Fund balance – ending		$ 27,113,047		

COLLIN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Revenues, Expenditures, and

Changes in Fund Balance – Budget (GAAP Basis) and Actual

2007 Road Bond Capital Projects Fund

For the Year Ended September 30, 2011

	Prior Years	Current Year Final	Total to Date	Project Authorization
Revenues:				
Interest	$ 1,016,763	$ 285,479	$ 1,302,242	$ 1,302,242
Miscellaneous	-	15,843	15,843	15,843
Total revenues	1,016,763	301,322	1,318,085	1,318,085
Expenditures:				
Capital outlay:				
Roads, joint state highway, and joint city projects	13,445,983	8,248,592	21,694,575	70,620,409
Total capital outlay	13,445,983	8,248,592	21,694,575	70,620,409
Total expenditures	13,445,983	8,248,592	21,694,575	70,620,409
Excess (deficiency) of revenues over (under) expenditures	(12,429,220)	(7,947,270)	(20,376,490)	(69,302,324)
Other financing sources (uses):				
Debt issuance	40,385,948	28,490,000	68,875,948	68,875,948
Premium (discount) on sale of bonds	426,376	-	426,376	426,376
Total other financing sources (uses)	40,812,324	28,490,000	69,302,324	69,302,324
Net change in fund balance	$ 28,383,104	20,542,730	$ 48,925,834	$ -
Fund balance – beginning		28,383,104		
Fund balance – ending		$ 48,925,834		

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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[Form of Bond Opinion]

[Closing Date]

$50,800,000
COLLIN COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS,
SERIES 2012

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2012, dated May 1, 2012.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as its bond counsel for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N.A. as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer; and

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, without limit as to rate or amount, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the Issuer's financial advisor and the underwriters of the Bonds with respect to matters solely within the knowledge of the Issuer, the Issuer's financial advisor and the underwriters, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Order pertaining to those sections of the Code, that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the Report of the Verification Agent, regarding the mathematical accuracy of certain computations. If such representations or the Report are determined to be inaccurate or incomplete or the Issuer fails to comply with the foregoing provisions of the Order, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Order not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

[Form of Bond Opinion]

[Closing Date]

$20,735,000
COLLIN COUNTY, TEXAS
LIMITED TAX REFUNDING AND IMPROVEMENT BONDS,
SERIES 2012

WE HAVE represented Collin County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> COLLIN COUNTY, TEXAS LIMITED TAX REFUNDING AND IMPROVEMENT BONDS, SERIES 2012, dated May 1, 2012.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Commissioners Court of the Issuer authorizing their issuance (the "Order").

WE HAVE represented the Issuer as its bond counsel for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N.A. as escrow agent (the "Escrow Agent"), the report (the "Report") of Grant Thornton LLP, Certified Public Accountants (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the obligations being refunded and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the obligations being refunded. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, United States Department of the Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant. We have also examined executed Bond No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer; and

(B) Firm banking and financial arrangements have been made for the discharge and final payment of the bonds being refunded pursuant to an Escrow Agreement entered into between the Issuer and the Escrow Agent on the date of delivery of the Bonds, and, therefore, such bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in such Escrow Agreement; and

(C) A continuing ad valorem tax upon all taxable property within Collin County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitations.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, or REMIC) for purposes of computing its alternative minimum tax liability.

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Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

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