COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

COLLIN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	32
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	34
GENERAL FUND EXPENDITURES	35
INVESTMENTS	36
TAXES LEVIED AND RECEIVABLE	37-38
LONG-TERM DEBT SERVICE REQUIREMENTS	39-52
CHANGES IN LONG-TERM BOND DEBT	53-55
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	56-59
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	60-61

McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Collin County Water Control and
Improvement District No. 3
Collin County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Collin County Water Control and Improvement District No. 3 (the "District") as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

December 9, 2025

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025

Management's discussion and analysis of the financial performance of Collin County Water Control and Improvement District No. 3 (the "District") provides an overview of the District's financial activities for the fiscal year ended August 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for maintenance tax revenues, service revenues, operating costs and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $7,813,896 as of August 31, 2025. A portion of the District's net position reflects its net investment in capital assets which include land and improvements, water system, sanitary sewer, storm drainage, paving and landscape and hardscape less any debt used to acquire those assets that is still outstanding.

The first table on the following page presents a comparative analysis of the Statement of Net Position as of August 31, 2025, and August 31, 2024.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 16,543,713	$ 13,238,508	$ 3,305,205
Capital Assets (Net of Accumulated Depreciation)	79,468,073	79,662,690	(194,617)
Total Assets	$ 96,011,786	$ 92,901,198	$ 3,110,588
Due to Developers	$ 1,540,893	$ 15,320,670	$ 13,779,777
Bonds Payable	100,405,327	84,587,877	(15,817,450)
Other Liabilities	1,879,462	1,418,495	(460,967)
Total Liabilities	$ 103,825,682	$ 101,327,042	$ (2,498,640)
Net Position:			
Net Investment in Capital Assets	$ (19,730,303)	$ (18,382,842)	$ (1,347,461)
Restricted	8,796,302	6,858,669	1,937,633
Unrestricted	3,120,105	3,098,329	21,776
Total Net Position	$ (7,813,896)	$ (8,425,844)	$ 611,948

The following table provides a summary of the District's operations for the years ended August 31, 2025, and August 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 9,172,389	$ 8,006,626	$ 1,165,763
Service and Other Revenues	1,374,310	910,892	463,418
Total Revenues	$ 10,546,699	$ 8,917,518	$ 1,629,181
Expenses for Services	9,934,751	6,541,907	(3,392,844)
Change in Net Position	$ 611,948	$ 2,375,611	$ (1,763,663)
Net Position, Beginning of Year	(8,425,844)	(10,801,455)	2,375,611
Net Position, End of Year	$ (7,813,896)	$ (8,425,844)	$ 611,948

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2025, were $16,193,572, an increase of $3,106,049 from the prior year.

The General Fund fund balance increased by $7,554, primarily due to property tax revenues, garbage revenues, and investment revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $2,213,666, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $884,829. The District sold its Series 2025 Road Bonds and Series 2025 Utility Bonds and used the proceeds to reimburse developers for road and utility improvements, related engineering and developer interest (see Note 11).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a General Fund budget for the current fiscal year. Actual revenues were $320,592 more than budgeted revenues and actual expenditures were $782,158 more than budgeted expenditures which resulted in a total negative variance of $461,566. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2025, total $79,468,073 (net of accumulated depreciation) and include land and improvements, utility systems, paving, landscape and hardscape.

Capital Assets At Year-End

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Improvements	$ 6,385,124	$ 4,092,604	$ 2,292,520
Capital Assets Subject to Depreciation:			
Water System	20,095,702	20,435,064	(339,362)
Sanitary Sewer	16,732,626	16,845,717	(113,091)
Storm Drainage	8,911,048	9,145,280	(234,232)
Paving	36,232,322	35,848,874	383,448
Landscape and Hardscape	4,103,219	4,113,322	(10,103)
Less Accumulated Depreciation	(12,991,968)	(10,818,171)	(2,173,797)
Total Net Capital Assets	$ 79,468,073	$ 79,662,690	$ (194,617)

CAPITAL ASSETS (Continued)

Capital asset additions included land for right of way, land for Lift Station No. 3 and land for detention ponds, crosswalk installation, and Lift Station Nos. 1 and 3 improvements.

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $100,325,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, September 1, 2024	$ 84,415,000
Add: Bond Sales	18,470,000
Less: Bond Principal Paid	(2,560,000)
Bond Debt Payable, August 31, 2025	$ 100,325,000

Bond issued from 2017 and prior have no underlying ratings nor insured ratings. The Series 2018 Road and Series 2019 Utility bonds have no underlying ratings and carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Inc. or Build America Mutual Assurance Company. The bonds issued from 2020 to 2025 carry underlying ratings of "Baa1". These bonds also carry insured ratings of "AA" and/or "A1" by virtue of bond insurance issued by Assured Guaranty Inc. or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Collin County Water Control and Improvement District No. 3, c/o Coats Rose, P.C., 16000 North Dallas Parkway, Suite 350, Dallas, TX 75248.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 88,563	$ 82,880
Investments	3,229,105	10,308,697
Receivables:		
Property Taxes	14,222	49,121
Accrued Interest		6,931
Other	350	
Due from Other Funds	17,581	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,349,821	$ 10,447,629
LIABILITIES		
Accounts Payable	$ 229,716	$
Accrued Interest Payable		57,082
Due to Developers		
Due to Other Funds		1,581
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 229,716	$ 58,663
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 14,222	$ 49,121
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		10,339,845
Unassigned	3,105,883	
TOTAL FUND BALANCES	$ 3,105,883	$ 10,339,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,349,821	$ 10,447,629
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 371,968	$ 543,411	$	$ 543,411
2,391,876	15,929,678		15,929,678
	63,343		63,343
	6,931		6,931
	350		350
	17,581	(17,581)	
		6,385,124	6,385,124
		73,082,949	73,082,949
$ 2,763,844	$ 16,561,294	$ 79,450,492	$ 96,011,786
$	$ 229,716	$	$ 229,716
	57,082	1,592,664	1,649,746
		1,540,893	1,540,893
16,000	17,581	(17,581)	
		2,975,000	2,975,000
		97,430,327	97,430,327
$ 16,000	$ 304,379	$ 103,521,303	$ 103,825,682
$ -0-	$ 63,343	$ (63,343)	$ -0-
$ 2,747,844	$ 2,747,844	$ (2,747,844)	$
	10,339,845	(10,339,845)	
	3,105,883	(3,105,883)	
$ 2,747,844	$ 16,193,572	$ (16,193,572)	$ -0-
$ 2,763,844	$ 16,561,294		
		$ (19,730,303)	$ (19,730,303)
		8,796,302	8,796,302
		3,120,105	3,120,105
		$ (7,813,896)	$ (7,813,896)

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2025

Total Fund Balances - Governmental Funds		$ 16,193,572
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		79,468,073
Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		63,343
Certain liabilities are not due and payable in the current period and are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (1,540,893)	
Accrued Interest Payable	(1,592,664)	
Bonds Payable	(100,405,327)	(103,538,884)
Total Net Position - Governmental Activities		$ (7,813,896)

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 2,043,380	$ 7,065,666
Penalty and Interest		22,755
Garbage Revenues	401,770	
Investment and Miscellaneous Revenues	164,972	397,260
TOTAL REVENUES	$ 2,610,122	$ 7,485,681
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 421,670	$
Contracted Services	1,418,782	80,309
Purchased Services	90,010	
Utilities	75,682	
Repairs and Maintenance	549,547	
Depreciation		
Other	46,877	650
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		2,560,000
Bond Interest		2,631,056
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 2,602,568	$ 5,272,015
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 7,554	$ 2,213,666
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$	$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 7,554	$ 2,213,666
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2024	3,098,329	8,126,179
FUND BALANCES/NET POSITION - AUGUST 31, 2025	$ 3,105,883	$ 10,339,845

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 9,109,046	$ 63,343	$ 9,172,389
	22,755		22,755
	401,770		401,770
95,886	658,118	291,667	949,785
$ 95,886	$ 10,191,689	$ 355,010	$ 10,546,699
$	$ 421,670	$	$ 421,670
	1,499,091		1,499,091
	90,010		90,010
	75,682		75,682
37,760	587,307		587,307
		2,173,797	2,173,797
814	48,341		48,341
15,467,290	15,467,290	(15,467,290)	
669,787	669,787		669,787
	2,560,000	(2,560,000)	
	2,631,056	320,074	2,951,130
1,417,936	1,417,936		1,417,936
$ 17,593,587	$ 25,468,170	$ (15,533,419)	$ 9,934,751
$ (17,497,701)	$ (15,276,481)	$ 15,888,429	$ 611,948
$ 18,470,000	$ 18,470,000	$ (18,470,000)	$
(327,077)	(327,077)	327,077	
239,607	239,607	(239,607)	
$ 18,382,530	$ 18,382,530	$ (18,382,530)	$ - 0 -
$ 884,829	$ 3,106,049	$ (3,106,049)	$
		611,948	611,948
1,863,015	13,087,523	(21,513,367)	(8,425,844)
$ 2,747,844	$ 16,193,572	$ (24,007,468)	$ (7,813,896)

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2025

Net Change in Fund Balances - Governmental Funds	$	3,106,049
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in governmental activities, revenue is recorded in the accounting period for which the taxes are levied.		63,343
Governmental funds do not account for depreciation of capital assets. However, in governmental activities, an expense is recorded.		(2,173,797)
Governmental funds report capital outlay as expenditures in the period purchased. In governmental activities, capital assets are increased by new purchases.		15,467,290
Bond premiums and bond discounts are amortized over the life of the bonds in governmental activities.		92,550
Governmental funds report bond principal payments as expenditures. However, in governmental activities, bond principal payments are reported as decreases in long-term liabilities.		2,560,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in governmental activities, interest is accrued on the long-term debt through fiscal year-end.		(325,154)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in governmental activities.		(18,470,000)
Governmental funds do not report adjustments to developer advances. In the Statement of Net Position, developer advance adjustments are recorded as miscellanous income.		291,667
Change in Net Position - Governmental Activities	$	611,948

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

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE 1. CREATION OF DISTRICT

In an order dated March 15, 2011, the Texas Commission on Environmental Quality (the "Commission"), pursuant to a Petition of Lavon 593 Land Investment Partners, L.P., a prior developer of land in the District, granted the creation of Collin County Water Control and Improvement District No. 3. The District was granted road powers by Senate Bill 1852 (2013), codified at Chapter 9043, Texas Special District Local Laws Code. The District is a conservation and reclamation district and political subdivision of the State of Texas and operates pursuant to Article 16, Section 59 and Article 3, Section 52 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is not empowered to fund parks and recreational facilities with taxes, independently or with one or more conservation and reclamation districts. The District also is authorized by law upon approval by the Commission and the qualified voters within the District, to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. The District is subject to the continuing supervision of the Commission.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for maintenance tax revenues, service revenues, operating costs and administrative expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable with 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonable expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of August 31, 2025, the Debt Service Fund owed the General Fund $1,581 for maintenance tax collections and the Capital Projects Fund owed the General Fund $16,000 for bond related costs.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position and include land and improvements, utility systems, roads, landscape and hardscape. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Notes 6 and 10).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual budget is adopted for the General Fund by the District's Board of Directors using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

The changes in bonds payable for the current fiscal year are summarized below:

	September 1, 2024	Additions	Retirements	August 31, 2025
Bonds Payable	$ 84,415,000	$ 18,470,000	$ 2,560,000	$ 100,325,000
Unamortized Discounts	(193,220)	(327,077)	(15,620)	(504,677)
Unamortized Premiums	366,097	239,607	20,700	585,004
Bonds Payable, Net	$ 84,587,877	$ 18,382,530	$ 2,565,080	$ 100,405,327

Amount Due Within One Year	$ 2,975,000
Amount Due After One Year	97,430,327
Bonds Payable, Net	$ 100,405,327

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2015 Road	Series 2016 Road	Series 2017 Utility
Amount Outstanding – August 31, 2025	$ 3,940,000	$ 4,760,000	$ 3,670,000
Interest Rates	3.25% - 4.25%	3.00% - 3.625%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2025/2040	September 15, 2025/2041	September 15, 2025/2042
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2025*	September 15, 2026*	September 15, 2027*

	Series 2017 Road	Series 2018 Road	Series 2019 Utility
Amount Outstanding – August 31, 2025	$ 3,960,000	$ 6,075,000	$ 9,435,000
Interest Rates	3.00% - 4.00%	3.00% - 3.75%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2025/2042	September 15, 2025/2043	September 15, 2025/2044
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2027*	September 15, 2028*	September 15, 2029*

* Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2015 term bonds maturing on September 15, 2031, 2033, 2036, and 2040, are subject to mandatory redemption beginning September 15, 2030, 2032, 2034, and 2037, respectively. Series 2016 term bonds maturing on September 15, 2041 are subject to mandatory redemption beginning on September 15, 2038. Series 2017 Utility term bonds maturing on September 15, 2042, are subject to mandatory redemption beginning September 15, 2039. Series 2017 Road term bonds maturing on September 15, 2042, are subject to mandatory redemption beginning September 15, 2039. Series 2018 Road term bonds maturing on September 15, 2038, 2040, and 2043, are subject to mandatory redemption beginning on September 15, 2037, 2039, and 2041, respectively. Series 2019 Utility term bonds maturing on September 15, 2042, and 2044 are subject to mandatory redemption beginning on September 15, 2041, and 2043, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020 Road	Series 2021 Utility	Series 2022 Road
Amount Outstanding – August 31, 2025	$ 10,945,000	$ 11,365,000	$ 11,080,000
Interest Rates	2.00% - 2.25%	2.00% - 5.00%	2.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2025/2045	September 15, 2025/2046	September 15, 2025/2047
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2025**	September 15, 2027**	September 15, 2027**

	Series 2023 Utility	Series 2023 Road	Series 2025 Road
Amount Outstanding – August 31, 2025	$ 13,875,000	$ 2,750,000	$ 9,170,000
Interest Rates	4.00% - 5.00%	4.25% - 7.00%	4.00% - 7.00%
Maturity Dates – Serially Beginning/Ending	September 15, 2025/2048	September 15, 2025/2048	September 15, 2025/2050
Interest Payment Dates	September 15/ March 15	September 15/ March 15	September 15/ March 15
Callable Dates	September 15, 2029**	September 15, 2028**	September 15, 2030**

** Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2020 Road term bonds maturing on September 15, 2042, and 2045 are subject to mandatory redemption beginning on September 15, 2041, and 2043, respectively. Series 2021 Utility term bonds maturing on September 15, 2042, 2044 and 2046 are subject to mandatory redemption beginning on September 15, 2041, 2043 and 2045, respectively. Series 2022 Road term bonds maturing on September 15, 2042, 2045 and 2047 are subject to mandatory redemption beginning on September 15, 2040, 2043 and 2046, respectively. Series 2023 Utility term bonds maturing on September 15, 2046 and 2048 are subject to mandatory redemption beginning on September 15, 2045 and 2047, respectively. Series 2023 Road term bonds maturing on September 15, 2039, 2046 and 2048 are subject to mandatory redemption beginning on September 15, 2037, 2045 and 2047, respectively. Series 2025 Road term bonds maturing on September 15, 2030 are subject to mandatory redemption beginning on September 15, 2025.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2025 Utility
Amount Outstanding – August 31, 2025	$ 9,300,000
Interest Rates	4.00% - 4.25%
Maturity Dates – Serially Beginning/Ending	September 15, 2026/2050
Interest Payment Dates	September 15/ March 15
Callable Dates	September 15, 2030***

*** Or any date thereafter, in whole or from time to time in part, in integral multiples of $5,000, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

The District has authorized but unissued bonds in the amount of $4,355,000 for roads and $35,390,000 for utilities. The District is also authorized to issue refunding bonds up to 1 ½ times the principal amount of bonds previously issued by the District.

As of August 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 2,975,000	$ 3,343,519	$ 6,318,519
2027	3,150,000	3,150,129	6,300,129
2028	3,285,000	3,034,555	6,319,555
2029	3,390,000	2,925,961	6,315,961
2030	3,500,000	2,813,538	6,313,538
2031-2035	19,160,000	12,336,538	31,496,538
2036-2040	22,385,000	9,045,710	31,430,710
2041-2045	26,410,000	4,997,708	31,407,708
2046-2050	14,940,000	1,283,543	16,223,543
2051	1,130,000	24,013	1,154,013
	$ 100,325,000	$ 42,955,214	$ 143,280,214

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended August 31, 2025, the District levied an ad valorem debt service tax rate of $0.7130 per $100 of assessed valuation, which resulted in a tax levy of $7,100,451 on the adjusted taxable valuation of $995,840,205 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds. The District has also covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $943,411 and the bank balance was $1,637,136. Of the bank balance, $848,323 was covered by federal depository insurance and the remaining was covered by pledged collateral. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits as of year end are summarized in the following table:

	Cash	Certificate of Deposit	Total
GENERAL FUND	$ 88,563	$	$ 88,563
DEBT SERVICE FUND	82,880	400,000	482,880
CAPITAL PROJECTS FUND	371,968		371,968
TOTAL DEPOSITS	$ 543,411	$ 400,000	$ 943,411

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's 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 District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investment in certificates of deposit at acquisition cost.

As of August 31, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities - Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,229,105	$ 3,229,105
DEBT SERVICE FUND		
TexPool	9,908,697	9,908,697
Certificate of Deposit	400,000	400,000
CAPITAL PROJECTS FUND		
TexPool	2,391,876	2,391,876
TOTAL INVESTMENTS	$ 15,929,678	$ 15,929,678

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Certain water and wastewater facilities are conveyed to other entities for the purpose of providing water service and wastewater service to District residents. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets in accordance with GASB Statement No. 94. Changes in capital assets during the current fiscal year are summarized in the following table:

	September 1, 2024	Increases	Decreases	August 31, 2025
Capital Assets Not Being Depreciated				
Land and Improvements	$ 4,092,604	$ 2,292,520	$ - 0 -	$ 6,385,124
Capital Assets Subject to Depreciation				
Water System	$ 20,435,064	$ 2,160	$ 341,522	$ 20,095,702
Sanitary Sewer	16,845,717	321,435	434,526	16,732,626
Storm Drainage	9,145,280	441	234,673	8,911,048
Paving	35,848,874	727,089	343,641	36,232,322
Landscape and Hardscape	4,113,322		10,103	4,103,219
Total Capital Assets Subject to Depreciation	$ 86,388,257	$ 1,051,125	$ 1,364,465	$ 86,074,917
Accumulated Depreciation				
Water System	$ 2,002,642	$ 377,631	$	$ 2,380,273
Sanitary Sewer	1,680,116	336,666		2,016,782
Storm Drainage	857,747	174,235		1,031,982
Paving	3,495,580	889,466		4,385,046
Landscape and Hardscape	2,782,086	395,799		3,177,885
Total Accumulated Depreciation	$ 10,818,171	$ 2,173,797	$ - 0 -	$ 12,991,968
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 75,570,086	$ (1,122,672)	$ 1,364,465	$ 73,082,949
Total Capital Assets, Net of Accumulated Depreciation	$ 79,662,690	$ 1,169,848	$ 1,364,465	$ 79,468,073

NOTE 7. MAINTENANCE TAX

On November 8, 2011, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's systems and other operating and maintenance expenses. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.2062 per $100 of assessed valuation, which resulted in a tax levy of $2,053,454 on the adjusted taxable valuation of $995,840,205 for the 2024 tax year.

NOTE 7. MAINTENANCE TAX (Continued)

On November 5, 2013, the voters of the District authorized, among other things, the Board to levy a maintenance tax not to exceed $1.20 per $100 of taxable assessed valuation for the operation and maintenance of macadamized, graveled, or paved roads, or improvements including storm drainage, in aid of those roads, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Article III, Section 52(b)(3) of the Texas Constitution, and Section 49.107 of the Texas Water Code.

NOTE 8. UNREIMBURSED DEVELOPER COSTS

The District and the Developers have entered into agreements which require the Developers to fund costs associated with water, wastewater and drainage facilities, roads and operating advances. Reimbursement to the Developers for these projects and operating advances is contingent upon approval from the Commission and the future sale of bonds. Current year activity is summarized in the following table:

Due to Developers, September 1, 2024	$ 15,320,670
Plus: Current Year Additions	674,587
Less: Current Year Adjustments	(1,337,097)
Less: Current Year Reimbursements	(13,117,267)
Due to Developers, August 31, 2025	$ 1,540,893

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and there have been no settlements in the current fiscal year.

NOTE 10. CONTRACT WITH WYLIE NORTHEAST SUD

The Wylie Northeast Special Utility District ("Wylie Northeast SUD"), a political subdivision of the State of Texas created under the authority of Section 59, Article XVI of the State Constitution, is the retail provider of water and sanitary sewer services to the District pursuant to an assigned Non-Standard Service Contract with Wylie Northeast SUD (the "Contract") from Hanover Property Company. The original agreement was executed on September 3, 2008, and amendments were subsequently executed on October 14, 2014, April 12, 2016, and May 10, 2022. Pursuant to the Contract, Wylie Northeast SUD pledges to deliver certain water supply and wastewater services as required to serve the needs of the property owners within the District. The District conveys its rights, title and interest to and maintenance, operation and repair obligations for the water and wastewater systems to Wylie Northeast SUD pursuant to the Contract.

Water Supply

The District obtains water from the Wylie Northeast SUD. Pursuant to the Contract, the District has rights to develop up to approximately 2,200 equivalent single family residential connections ("ESFC") for water. This is estimated to provide water for 2,172 single family residential homes and one amenity center.

Wylie Northeast SUD holds the Water Certificate of Convenience and Necessity ("CCN") No. 10192 originally issued by the Commission. North Texas Municipal Water District ("NTMWD") supplies water to Wylie Northeast SUD via an existing wholesale water supply contract. Jurisdiction over water and sewer CCN was transferred to the Public Utility Commission of Texas effective September 1, 2014.

Wylie Northeast SUD charges a Water Connection Fee which includes a standard residential meter to be installed by Wylie Northeast SUD and reflects all administrative, equipment, water system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer is required to install a meter vault, tap, meter riser with appurtenances and service line for all service connections during the construction of the lots. The Developer pays a deposit to Wylie Northeast SUD for each water service ESFC.

NOTE 10. CONTRACT WITH WYLIE NORTHEAST SUD (Continued)

Wastewater Treatment

The District obtains wastewater service from Wylie Northeast SUD. Wylie Northeast SUD holds the Sewer CCN No. 21056 issued by the Commission.

Wylie Northeast SUD charges a Wastewater Connection fee which reflects all administrative, equipment, wastewater system improvement costs and other lawful costs divided by the number of ESFC within the District at ultimate build-out. The Developer installs all customer equipment, facilities, and appurtenances necessary for Wylie Northeast SUD to provide retail sewer service to each sewer connection in the District. The Developers pay a deposit to Wylie Northeast SUD for each sewer service ESFC.

Wylie Northeast SUD includes solid waste disposal charges to District customers on the monthly bills and then remits the collections to the District on a monthly basis. The District contracts with a provider of waste disposal services.

NOTE 11. BOND SALES

On February 12, 2025, the District closed on the sale of its Unlimited Tax Road Bonds, Series 2025 for $9,170,000. Proceeds from the bond sale were used to reimburse developers for construction and engineering costs related to road improvements and related land costs. Additional proceeds were used to pay for developer interest and bond issuance costs.

On April 9, 2025, the District closed on the sale of its Unlimited Tax Bonds, Series 2025 for $9,300,000. Proceeds from the bond sale were used to reimburse the developers for construction and engineering costs related to utility improvements and related land costs. Additional proceeds were used to pay for developer interest and bond issuance costs.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2025

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 1,786,530	$ 2,043,380	$ 256,850
Garbage Revenues	366,000	401,770	35,770
Investment and Miscellaneous Revenues	137,000	164,972	27,972
TOTAL REVENUES	$ 2,289,530	$ 2,610,122	$ 320,592
EXPENDITURES			
Service Operations:			
Professional Fees	$ 219,500	$ 421,670	$ (202,170)
Contracted Services	675,500	1,418,782	(743,282)
Purchased Services	75,000	90,010	(15,010)
Utilities	80,000	75,682	4,318
Repairs, Maintenance, and Capital Outlay	710,000	549,547	160,453
Other	60,410	46,877	13,533
TOTAL EXPENDITURES	$ 1,820,410	$ 2,602,568	$ (782,158)
NET CHANGE IN FUND BALANCE	$ 469,120	$ 7,554	$ (461,566)
FUND BALANCE - SEPTEMBER 1, 2024	3,098,329	3,098,329	
FUND BALANCE - AUGUST 31, 2025	$ 3,567,449	$ 3,105,883	$ (461,566)

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2025

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

____	Retail Water	____	Wholesale Water	X	Drainage
____	Retail Wastewater	____	Wholesale Wastewater	____	Irrigation
____	Parks/Recreation	____	Fire Protection	X	Security
X	Solid Waste/Garbage	____	Flood Control	X	Roads

____ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

____ Other (specify): _____

2. RETAIL SERVICE PROVIDERS

Water and wastewater services are provided by the Wylie Northeast Special Utility District (see Note 10).

3. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No ____

County in which District is located:

Collin County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ____ Partly X Not at all ____

ETJ's in which District is located:

City of Lucas, Texas; City of Wylie, Texas; and Town of St. Paul, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No X

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

PROFESSIONAL FEES:		
Auditing	$	18,500
Engineering		268,104
Legal		135,066
TOTAL PROFESSIONAL FEES	$	421,670
PURCHASED SERVICES	$	90,010
CONTRACTED SERVICES:		
Bookkeeping	$	13,485
Security		243,486
General Manager		64,463
Fire and Emergency Services		672,484
Solid Waste Disposal		424,864
TOTAL CONTRACTED SERVICES	$	1,418,782
UTILITIES	$	75,682
REPAIRS AND MAINTENANCE	$	549,547
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	18,081
Election Costs		2,460
Insurance		5,393
Meetings, Website and Other		20,943
TOTAL ADMINISTRATIVE EXPENDITURES	$	46,877
TOTAL EXPENDITURES	$	2,602,568

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
INVESTMENTS
AUGUST 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 3,229,105	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0002	Varies	Daily	$ 4,487,154	$
TexPool	XXXX0003	Varies	Daily	5,421,543	
Certificate of Deposit	XXXX0696	4.20%	10/22/25	400,000	6,931
TOTAL DEBT SERVICE FUND				$ 10,308,697	$ 6,931
CAPITAL PROJECTS FUND					
TexPool	XXXX0004	Varies	Daily	$ 1,624,432	$
TexPool	XXXX0005	Varies	Daily	767,444	
TOTAL CAPITAL PROJECTS FUND				$ 2,391,876	$ - 0 -
TOTAL - ALL FUNDS				$ 15,929,678	$ 6,931

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2024	$ -0-		$ -0-	
Adjustments to Beginning Balance	4,148	$ 4,148	14,336	$ 14,336
Original 2024 Tax Levy	$ 2,059,298		$ 7,120,657	
Adjustment to 2024 Tax Levy	(5,844)	2,053,454	(20,206)	7,100,451
TOTAL TO BE ACCOUNTED FOR		$ 2,057,602		$ 7,114,787
TAX COLLECTIONS:				
Prior Years	$ 1,637		$ 5,711	
Current Year	2,041,743	2,043,380	7,059,955	7,065,666
TAXES RECEIVABLE - AUGUST 31, 2025		$ 14,222		$ 49,121
TAXES RECEIVABLE BY YEAR:				
2024		$ 11,711		$ 40,496
2023		1,402		4,848
2022		908		3,137
2021		201		640
TOTAL		$ 14,222		$ 49,121

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 316,020,432	$ 282,443,257	$ 205,412,319	$ 163,155,814
Improvements	791,258,106	705,966,965	440,053,095	329,629,084
Personal Property	7,796,946	6,579,635	6,506,541	5,367,970
Exemptions	(119,235,279)	(136,308,916)	(32,665,012)	(31,606,510)
TOTAL PROPERTY VALUATIONS	$ 995,840,205	$ 858,680,941	$ 619,306,943	$ 466,546,358
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.7130	$ 0.7280	$ 0.7756	$ 0.7618
Maintenance	0.2062	0.2106	0.2244	0.2382
TOTAL TAX RATES PER $100 VALUATION	$ 0.9192	$ 0.9386	$ 1.0000	$ 1.0000
ADJUSTED TAX LEVY*	$ 9,153,905	$ 8,060,035	$ 6,193,070	$ 4,665,463
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.43 %	99.92 %	99.93 %	99.98 %

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of $1.20 per $100 assessed valuation was approved by voters on November 8, 2011.

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2015 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 170,000	$ 154,781	$ 324,781
2027	175,000	148,956	323,956
2028	185,000	142,656	327,656
2029	195,000	135,884	330,884
2030	200,000	128,600	328,600
2031	210,000	120,650	330,650
2032	220,000	112,050	332,050
2033	235,000	102,950	337,950
2034	245,000	93,350	338,350
2035	255,000	83,191	338,191
2036	270,000	72,362	342,362
2037	285,000	60,916	345,916
2038	300,000	48,662	348,662
2039	315,000	35,594	350,594
2040	330,000	21,888	351,888
2041	350,000	7,438	357,438
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 3,940,000	$ 1,469,928	$ 5,409,928

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2016 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 205,000	$ 158,607	$ 363,607
2027	210,000	152,381	362,381
2028	215,000	146,006	361,006
2029	220,000	139,481	359,481
2030	230,000	132,588	362,588
2031	235,000	125,175	360,175
2032	240,000	117,456	357,456
2033	245,000	109,422	354,422
2034	255,000	100,984	355,984
2035	265,000	92,044	357,044
2036	270,000	82,681	352,681
2037	280,000	73,056	353,056
2038	285,000	63,169	348,169
2039	295,000	52,835	347,835
2040	305,000	41,960	346,960
2041	315,000	30,722	345,722
2042	690,000	12,506	702,506
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 4,760,000	$ 1,631,073	$ 6,391,073

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

	SERIES-2017 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 155,000	$ 130,206	$ 285,206
2027	160,000	125,481	285,481
2028	165,000	120,606	285,606
2029	170,000	115,475	285,475
2030	175,000	109,975	284,975
2031	180,000	104,093	284,093
2032	185,000	97,819	282,819
2033	190,000	91,256	281,256
2034	195,000	84,396	279,396
2035	200,000	77,237	277,237
2036	210,000	69,675	279,675
2037	210,000	61,800	271,800
2038	225,000	53,644	278,644
2039	230,000	45,113	275,113
2040	240,000	36,000	276,000
2041	240,000	26,400	266,400
2042	255,000	16,500	271,500
2043	285,000	5,700	290,700
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 3,670,000	$ 1,371,376	$ 5,041,376

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2017 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 135,000	$ 144,125	$ 279,125
2027	140,000	140,000	280,000
2028	145,000	135,725	280,725
2029	145,000	131,284	276,284
2030	150,000	126,581	276,581
2031	155,000	121,528	276,528
2032	165,000	116,025	281,025
2033	165,000	110,250	275,250
2034	175,000	104,190	279,190
2035	180,000	97,756	277,756
2036	185,000	91,025	276,025
2037	195,000	83,900	278,900
2038	200,000	76,494	276,494
2039	205,000	68,772	273,772
2040	215,000	60,500	275,500
2041	230,000	51,600	281,600
2042	235,000	42,300	277,300
2043	940,000	18,800	958,800
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 3,960,000	$ 1,720,855	$ 5,680,855

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2018 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 225,000	$ 206,794	$ 431,794
2027	230,000	199,969	429,969
2028	240,000	192,919	432,919
2029	245,000	185,644	430,644
2030	255,000	178,144	433,144
2031	265,000	170,344	435,344
2032	275,000	162,072	437,072
2033	285,000	153,143	438,143
2034	300,000	143,450	443,450
2035	310,000	132,962	442,962
2036	325,000	121,850	446,850
2037	335,000	110,300	445,300
2038	350,000	97,875	447,875
2039	365,000	84,468	449,468
2040	380,000	70,500	450,500
2041	395,000	55,968	450,968
2042	415,000	40,781	455,781
2043	430,000	24,937	454,937
2044	450,000	8,438	458,438
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 6,075,000	$ 2,340,558	$ 8,415,558

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

	SERIES-2019 UTILITY		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 360,000	$ 231,037	$ 591,037
2027	370,000	223,737	593,737
2028	375,000	216,287	591,287
2029	390,000	208,637	598,637
2030	400,000	200,737	600,737
2031	410,000	192,637	602,637
2032	415,000	184,387	599,387
2033	435,000	175,616	610,616
2034	435,000	166,100	601,100
2035	455,000	155,803	610,803
2036	465,000	144,588	609,588
2037	480,000	132,475	612,475
2038	490,000	119,744	609,744
2039	510,000	106,300	616,300
2040	520,000	92,138	612,138
2041	540,000	77,563	617,563
2042	555,000	62,159	617,159
2043	575,000	45,916	620,916
2044	615,000	28,425	643,425
2045	640,000	9,600	649,600
2046			
2047			
2048			
2049			
2050			
2051			
	$ 9,435,000	$ 2,773,886	$ 12,208,886

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2020 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 250,000	$ 232,706	$ 482,706
2027	255,000	227,656	482,656
2028	255,000	222,556	477,556
2029	260,000	217,406	477,406
2030	255,000	212,256	467,256
2031	260,000	207,106	467,106
2032	260,000	201,906	461,906
2033	255,000	196,756	451,756
2034	260,000	191,606	451,606
2035	260,000	186,406	446,406
2036	260,000	181,206	441,206
2037	260,000	176,006	436,006
2038	265,000	170,756	435,756
2039	265,000	165,457	430,457
2040	270,000	160,107	430,107
2041	265,000	154,756	419,756
2042	265,000	149,291	414,291
2043	270,000	143,606	413,606
2044	1,520,000	123,639	1,643,639
2045	2,015,000	83,869	2,098,869
2046	2,720,000	30,600	2,750,600
2047			
2048			
2049			
2050			
2051			
	$ 10,945,000	$ 3,635,653	$ 14,580,653

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2021 UTILITY		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 390,000	$ 250,331	$ 640,331
2027	400,000	230,581	630,581
2028	410,000	216,481	626,481
2029	420,000	208,181	628,181
2030	435,000	199,631	634,631
2031	445,000	190,831	635,831
2032	455,000	181,831	636,831
2033	470,000	172,581	642,581
2034	480,000	163,081	643,081
2035	490,000	153,381	643,381
2036	505,000	143,432	648,432
2037	515,000	133,232	648,232
2038	530,000	122,450	652,450
2039	545,000	111,028	656,028
2040	555,000	99,341	654,341
2041	570,000	87,388	657,388
2042	585,000	75,116	660,116
2043	600,000	62,525	662,525
2044	615,000	49,616	664,616
2045	635,000	36,335	671,335
2046	650,000	22,275	672,275
2047	665,000	7,481	672,481
2048			
2049			
2050			
2051			
	$ 11,365,000	$ 2,917,129	$ 14,282,129

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2022 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 380,000	$ 269,350	$ 649,350
2027	395,000	249,975	644,975
2028	415,000	235,950	650,950
2029	420,000	227,600	647,600
2030	425,000	219,150	644,150
2031	430,000	210,600	640,600
2032	440,000	201,900	641,900
2033	445,000	193,050	638,050
2034	455,000	184,050	639,050
2035	460,000	174,613	634,613
2036	465,000	164,494	629,494
2037	480,000	153,863	633,863
2038	485,000	143,006	628,006
2039	490,000	131,731	621,731
2040	505,000	119,600	624,600
2041	515,000	106,850	621,850
2042	520,000	93,913	613,913
2043	525,000	80,850	605,850
2044	540,000	67,200	607,200
2045	545,000	52,959	597,959
2046	555,000	38,522	593,522
2047	590,000	23,494	613,494
2048	600,000	7,875	607,875
2049			
2050			
2051			
	$ 11,080,000	$ 3,350,595	$ 14,430,595

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2023 UTILITY		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 310,000	$ 566,781	$ 876,781
2027	325,000	550,906	875,906
2028	345,000	534,157	879,157
2029	360,000	516,532	876,532
2030	380,000	498,032	878,032
2031	400,000	480,532	880,532
2032	415,000	464,232	879,232
2033	440,000	447,132	887,132
2034	460,000	429,131	889,131
2035	485,000	410,231	895,231
2036	510,000	390,331	900,331
2037	535,000	369,431	904,431
2038	560,000	347,531	907,531
2039	590,000	324,531	914,531
2040	615,000	300,431	915,431
2041	650,000	275,131	925,131
2042	680,000	248,531	928,531
2043	715,000	220,631	935,631
2044	750,000	191,331	941,331
2045	790,000	160,531	950,531
2046	825,000	128,231	953,231
2047	870,000	94,331	964,331
2048	910,000	58,162	968,162
2049	955,000	19,697	974,697
2050			
2051			
	$ 13,875,000	$ 8,026,497	$ 21,901,497

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

	SERIES-2023 ROAD		
Due During Fiscal Years Ending August 31	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 60,000	$ 136,681	$ 196,681
2027	65,000	132,306	197,306
2028	70,000	127,581	197,581
2029	70,000	122,681	192,681
2030	75,000	118,638	193,638
2031	80,000	115,344	195,344
2032	85,000	111,838	196,838
2033	85,000	108,172	193,172
2034	90,000	104,287	194,287
2035	95,000	100,125	195,125
2036	100,000	95,738	195,738
2037	105,000	90,994	195,994
2038	110,000	85,750	195,750
2039	115,000	80,125	195,125
2040	125,000	74,125	199,125
2041	130,000	67,750	197,750
2042	135,000	61,125	196,125
2043	140,000	54,250	194,250
2044	150,000	47,000	197,000
2045	155,000	39,375	194,375
2046	165,000	31,375	196,375
2047	175,000	22,875	197,875
2048	180,000	14,000	194,000
2049	190,000	4,750	194,750
2050			
2051			
	$ 2,750,000	$ 1,946,885	$ 4,696,885

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2025 ROAD		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$ 335,000	$ 481,695	$ 816,695
2027	215,000	391,956	606,956
2028	235,000	376,206	611,206
2029	250,000	359,231	609,231
2030	260,000	341,381	601,381
2031	270,000	322,831	592,831
2032	280,000	307,781	587,781
2033	290,000	296,381	586,381
2034	295,000	284,681	579,681
2035	300,000	272,781	572,781
2036	310,000	260,581	570,581
2037	320,000	247,981	567,981
2038	330,000	234,981	564,981
2039	340,000	221,581	561,581
2040	345,000	207,881	552,881
2041	355,000	193,882	548,882
2042	375,000	179,282	554,282
2043	390,000	163,738	553,738
2044	395,000	147,547	542,547
2045	410,000	130,688	540,688
2046	425,000	112,944	537,944
2047	445,000	94,456	539,456
2048	465,000	75,119	540,119
2049	490,000	54,825	544,825
2050	510,000	33,575	543,575
2051	535,000	11,369	546,369
	$ 9,170,000	$ 5,805,354	$ 14,975,354

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	SERIES-2025 UTILITY		
	Principal Due September 15	Interest Due September 15/ March 15	Total
2026	$	$ 380,425	$ 380,425
2027	210,000	376,225	586,225
2028	230,000	367,425	597,425
2029	245,000	357,925	602,925
2030	260,000	347,825	607,825
2031	265,000	337,325	602,325
2032	280,000	326,425	606,425
2033	290,000	315,025	605,025
2034	300,000	303,225	603,225
2035	310,000	291,025	601,025
2036	320,000	278,425	598,425
2037	330,000	265,425	595,425
2038	340,000	252,025	592,025
2039	355,000	238,125	593,125
2040	365,000	223,725	588,725
2041	375,000	208,925	583,925
2042	395,000	193,525	588,525
2043	415,000	177,325	592,325
2044	425,000	160,525	585,525
2045	440,000	142,950	582,950
2046	460,000	124,100	584,100
2047	485,000	104,018	589,018
2048	510,000	82,875	592,875
2049	535,000	60,669	595,669
2050	565,000	37,294	602,294
2051	595,000	12,644	607,644
	$ 9,300,000	$ 5,965,425	$ 15,265,425

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2025

Due During Fiscal Years Ending August 31	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 2,975,000	$ 3,343,519	$ 6,318,519
2027	3,150,000	3,150,129	6,300,129
2028	3,285,000	3,034,555	6,319,555
2029	3,390,000	2,925,961	6,315,961
2030	3,500,000	2,813,538	6,313,538
2031	3,605,000	2,698,996	6,303,996
2032	3,715,000	2,585,722	6,300,722
2033	3,830,000	2,471,734	6,301,734
2034	3,945,000	2,352,531	6,297,531
2035	4,065,000	2,227,555	6,292,555
2036	4,195,000	2,096,388	6,291,388
2037	4,330,000	1,959,379	6,289,379
2038	4,470,000	1,816,087	6,286,087
2039	4,620,000	1,665,660	6,285,660
2040	4,770,000	1,508,196	6,278,196
2041	4,930,000	1,344,373	6,274,373
2042	5,105,000	1,175,029	6,280,029
2043	5,285,000	998,278	6,283,278
2044	5,460,000	823,721	6,283,721
2045	5,630,000	656,307	6,286,307
2046	5,800,000	488,047	6,288,047
2047	3,230,000	346,655	3,576,655
2048	2,665,000	238,031	2,903,031
2049	2,170,000	139,941	2,309,941
2050	1,075,000	70,869	1,145,869
2051	1,130,000	24,013	1,154,013
	$ 100,325,000	$ 42,955,214	$ 143,280,214

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2025

Description	Original Bonds Issued	Bonds Outstanding September 1, 2024
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2015	$ 5,110,000	$ 4,105,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2016	6,070,000	4,960,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2017	4,700,000	3,820,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2017	4,695,000	4,090,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2018	7,100,000	6,290,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2019	11,000,000	9,785,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2020	11,895,000	11,195,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2021	12,440,000	11,740,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2022	11,785,000	11,440,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2023	14,170,000	14,170,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2023	2,820,000	2,820,000
Collin County Water Control and Improvement District No. 3 Unlimited Tax Road Bonds - Series 2025	9,170,000	
Collin County Water Control and Improvement District No. 3 Unlimited Tax Utility Bonds - Series 2025	9,300,000	
	$ 110,255,000	$ 84,415,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	August 31, 2025	Paying Agent
$	$ 165,000	$ 160,019	$ 3,940,000	Amegy Bank, N.A. Plano, TX
	200,000	164,681	4,760,000	Amegy Bank, N.A. Plano, TX
	150,000	134,781	3,670,000	Amegy Bank, N.A. Plano, TX
	130,000	148,100	3,960,000	Amegy Bank, N.A. Plano, TX
	215,000	215,544	6,075,000	Amegy Bank, N.A. Houston, TX
	350,000	238,137	9,435,000	Amegy Bank, N.A. Houston, TX
	250,000	241,456	10,945,000	Amegy Bank, N.A. Houston, TX
	375,000	269,456	11,365,000	Amegy Bank, N.A. Houston, TX
	360,000	287,850	11,080,000	Amegy Bank, N.A. Houston, TX
	295,000	581,906	13,875,000	Amegy Bank, N.A. Houston, TX
	70,000	189,126	2,750,000	Amegy Bank, N.A. Houston, TX
9,170,000			9,170,000	Amegy Bank, N.A. Houston, TX
9,300,000			9,300,000	Amegy Bank, N.A. Houston, TX
$ 18,470,000	$ 2,560,000	$ 2,631,056	$ 100,325,000	

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2025

Bond Authority:	Utilities Refunding Bonds	Road Refunding Bonds	Utilities Bonds	Road Bonds
Amount Authorized by Voters	$ 130,500,000	$ 94,500,000	$ 87,000,000	$ 63,000,000
Amount Issued			(51,610,000)	(58,645,000)
Remaining to be Issued	$ 130,500,000	$ 94,500,000	$ 35,390,000	$ 4,355,000

Average annual debt service payment for remaining term of all bond debt:	$ 5,510,777
Debt Service Fund cash and investment balances as of August 31, 2025:	$ 10,391,577

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 2,043,380	$ 1,804,242	$ 1,392,934
Garbage Revenues	401,770	343,414	301,210
Investment and Miscellaneous Revenues	164,972	148,474	84,719
TOTAL REVENUES	$ 2,610,122	$ 2,296,130	$ 1,778,863
EXPENDITURES			
Professional Fees	$ 421,670	$ 192,589	$ 171,848
Contracted Services	1,418,782	568,373	496,642
Purchased Services	90,010	69,920	152,031
Utilities	75,682	54,438	61,084
Repairs and Maintenance	549,547	573,353	113,173
Other	46,877	36,640	19,156
Capital Outlay			
TOTAL EXPENDITURES	$ 2,602,568	$ 1,495,313	$ 1,013,934
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 7,554	$ 800,817	$ 764,929
OTHER FINANCING SOURCES			
Transfers In	$	$	$
Developer Advances			
TOTAL OTHER FINANCING SOURCES	$ - 0 -	$ -0-	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 7,554	$ 800,817	$ 764,929
BEGINNING FUND BALANCE	3,098,329	2,297,512	1,532,583
ENDING FUND BALANCE	$ 3,105,883	$ 3,098,329	$ 2,297,512

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 1,103,419	$ 816,144	78.3 %	78.5 %	78.3 %	80.8 %	78.8 %
253,243	216,108	15.4	15.0	16.9	18.6	20.9
7,669	2,594	6.3	6.5	4.8	0.6	0.3
$ 1,364,331	$ 1,034,846	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 180,815	$ 137,016	16.1 %	8.4 %	9.7 %	13.3 %	13.2 %
259,896	214,260	54.4	24.8	27.9	19.0	20.7
67,312	67,088	3.4	3.0	8.5	4.9	6.5
54,439	79,770	2.9	2.4	3.4	4.0	7.7
75,536	76,353	21.1	25.0	6.4	5.5	7.4
18,298	91,964	1.8	1.6	1.1	1.3	8.9
1,400,000	34,406				102.6	3.3
$ 2,056,296	$ 700,857	99.7 %	65.2 %	57.0 %	150.6 %	67.7 %
$ (691,965)	$ 333,989	0.3 %	34.8 %	43.0 %	(50.6) %	32.3 %
$ 74,600	$ 11,525					
1,400,000						
$ 1,474,600	$ 11,525					
$ 782,635	$ 345,514					
749,948	404,434					
$ 1,532,583	$ 749,948					

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 7,065,666	$ 6,236,885	$ 4,813,991
Penalty and Interest	22,755	29,264	27,939
Investment and Miscellaneous Revenues	397,260	318,668	205,541
TOTAL REVENUES	$ 7,485,681	$ 6,584,817	$ 5,047,471
EXPENDITURES			
Tax Collection Expenditures	$ 76,259	$ 46,770	$ 58,271
Debt Service Principal	2,560,000	2,120,000	1,720,000
Debt Service Interest and Fees	2,635,756	2,587,563	2,053,848
TOTAL EXPENDITURES	$ 5,272,015	$ 4,754,333	$ 3,832,119
NET CHANGE IN FUND BALANCE	$ 2,213,666	$ 1,830,484	$ 1,215,352
BEGINNING FUND BALANCE	8,126,179	6,295,695	5,080,343
ENDING FUND BALANCE	$ 10,339,845	$ 8,126,179	$ 6,295,695
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** Water and wastewater services are provided by the Wylie Northeast Special Utility District (see Note 10).

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 3,531,153	$ 2,762,261	94.4 %	94.8 %	95.3 %	99.0 %	99.2 %
19,774	13,650	0.3	0.4	0.6	0.6	0.5
12,753	7,516	5.3	4.8	4.1	0.4	0.3
$ 3,563,680	$ 2,783,427	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 34,403	$ 30,716	1.0 %	0.7 %	1.1 %	1.0 %	1.1 %
1,320,000	1,045,000	34.2	32.2	34.1	37.0	37.5
1,579,503	1,345,859	35.2	39.3	40.7	44.3	48.4
$ 2,933,906	$ 2,421,575	70.4 %	72.2 %	75.9 %	82.3 %	87.0 %
$ 629,774	$ 361,852	29.6 %	27.8 %	24.1 %	17.7 %	13.0 %
4,450,569	4,088,717					
$ 5,080,343	$ 4,450,569					
**	**					
**	**					

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2025

District Mailing Address - Collin County Water Control and Improvement District No. 3
c/o Coats Rose, P.C.
16000 North Dallas Parkway, Suite 350
Dallas, TX 75248

District Telephone Number - (972) 788-1600

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2025	Expense Reimbursements for the year ended August 31, 2025	Title
Tommy Thomas	05/22 05/26 (Elected)	$ 3,094	$ 258	President
Mike Reynolds	04/22 05/26 (Appointed)	$ 2,431	$ 30	Vice President
Traci Miller	05/22 05/26 (Elected)	$ 1,989	$ 106	Secretary
Ron Dawes	05/24 05/28 (Elected)	$ 6,851	$ 233	Assistant Secretary
Gary Moore	05/24 05/28 (Elected)	$ 2,431	$ 213	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants. The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

The most recent submission date of the District Registration Form was on September 9, 2025.

See accompanying independent auditor's report.

COLLIN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2025

Consultants:	Date Hired	Fees for the year ended August 31, 2025	Title
Coats Rose, P.C.	08/30/11	$ 135,066 $ 456,635	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/17/15	$ 18,500 $ 36,000	Auditor Bond Related
L & S District Services, LLC	04/12/16	$ 14,544 $ 2,400	Bookkeeper Bond Related
Debra Loggins	10/27/18	$ -0-	Investment Officer
LJA Engineering	02/12/19	$ 252,604	Engineer
Jones-Heroy & Associates, Inc.	02/12/19	$ 61,343	Bond Engineer
Hilltop Securities Inc.	06/11/14	$ 339,082	Financial Advisor

See accompanying independent auditor's report.