HIDALGO COUNTY EMERGENCY SERVICES DISTRICT No. 6

Audited Financial Report

Year Ended December 31, 2025

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Hidalgo County Emergency Services District No. 6
Audited Financial Report
For Year Ended December 31, 2025

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INTRODUCTORY SECTION

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HIDALGO COUNTY EMERGENCY SERVICES DISTRICT No. 6

For the Year Ended December 31, 2025

List of Principal Officers

Board of Directors

Antonio Uresti	President
Mario Flores	Vice President
Janie Gaytan	Treasurer
Juan “Tito” Palacios	Commissioner
Rolando Reyna	Secretary

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FINANCIAL SECTION

GUILLERMO REYNA
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hidalgo County Emergency Services District No. 6
Mission, Texas

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and the General Fund of the Hidalgo County Emergency Services District No. 6 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Hidalgo County Emergency Services District No. 6'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 the General Fund of the Hidalgo County Emergency Services District No. 6 as of December 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Hidalgo County Emergency Services District No. 6 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.

Emphasis of Matter – Initial Period of Operations
As discussed in Note 1 to the financial statements, voters approved the creation of Hidalgo County Emergency Services District No. 6 on May 3, 2025, and the District began its initial period of organization and operations during 2025. The financial statements therefore represent the District's initial reporting period. As a result, prior-year comparative information and related management's discussion and analysis comparisons are not applicable. In addition, because the District was newly created during the period, budgetary comparison information is not applicable for the initial reporting period. Our opinion is not modified with respect to this matter.

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 Hidalgo County Emergency Services District No. 6'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 and *Government 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 and *Government 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 Hidalgo County Emergency Services District No. 6'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 Hidalgo County Emergency Services District No. 6'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 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, which 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2026, on our consideration of the Hidalgo County Emergency Services District No. 6's 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 solely 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 effectiveness of the Hidalgo County Emergency Services District No. 6's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hidalgo County Emergency Services District No. 6's internal control over financial reporting and compliance.

Guillermo Reyna
Guillermo Reyna, CPA
McAllen, Texas
July 27, 2026

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MANAGEMENT DISCUSSION & ANALYSIS

This section of Hidalgo County Emergency Services District No. 6's annual financial report presents management's discussion and analysis of the District's financial performance during the year ended December 31, 2025. Voters approved the creation of the District on May 3, 2025, and the District began its initial period of organization and operations during 2025. Please read this discussion in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $2,959,008 as of December 31, 2025.
- During the initial reporting period, the District generated $3,552,394 in property-tax revenue and incurred total governmental-activities expenses of $593,386, resulting in an increase in net position of $2,959,008.
- The General Fund reported an unassigned fund balance of $2,209,032 as of December 31, 2025.
- Because the District did not adopt a formal budget for 2025, no 2025 budget-to-actual variance analysis is presented.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements must include both government-wide and fund financial statements. Governments must also present a Management's Discussion and Analysis, Notes to the Financial Statements, and Required Supplementary Information. GASB Statement No. 34 provides that for special-purpose governments engaged in a single government program, the fund financial statements and the government-wide statements may be combined. The District has elected to present financial statements under this combined method.

Using this method, governments will present financial statements that begin with *governmental fund financial statements*, with columns for major funds (usually only a general fund). The next column is an adjustments column. It reconciles the amounts reported on the accrual basis of accounting. The final column of these combined statements shows the amounts that normally would appear in the *government-wide statements.*

Combined Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred.

The governmental fund balance sheet presents only current assets and liabilities. Capital assets and long-term liabilities are excluded.

The governmental fund statement of revenues, expenditures, and changes in fund balance reports information about the inflows, outflows, and balances of current financial resources.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as net position.

The *statement of activities* presents information showing how the District's net position changed during the fiscal year. All the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The management's discussion and analysis is required supplementary information. Because the District did not adopt a formal budget for 2025, no budgetary comparison schedule is presented.

NET POSITION

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The District reported unrestricted net position of $2,959,008 as of December 31, 2025.

The District's Net Position

	Governmental Activities 2025
ASSETS	
Current Assets:	
Cash, Cash Equivalents and Investments	$ 1,110,846
Property Taxes Receivable (net)	2,197,013
Due From Other Governments	233,183
Total Current Assets	3,541,042
LIABILITIES	
Accounts Payable	582,034
Total Liabilities	582,034
NET POSITION	
Net Invested in Capital Assets	-
Unrestricted	2,959,008
Total Net Position	2,959,008
Total Liabilities and Net Position	$ 3,541,042

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Change in Net Position

	Governmental Activities
	2025
General Revenues:	
Revenues	
Property Tax Revenue	$ 3,552,394
Total General Revenues	3,552,394
Expenses	
Emergency Services	593,386
Total Expenses	593,386
Net Change in Net Position	2,959,008
Beginning Net Position	-
Ending Net Position	$ 2,959,008

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The District uses fund accounting to demonstrate compliance with finance-related legal and contractual requirements. The General Fund financial statements focus on near-term inflows, outflows, and balances of spendable resources. As of December 31, 2025, the General Fund reported an unassigned fund balance of $2,209,032, representing an increase of $2,209,032 during the District's initial reporting period.

General Fund Budget

- Because the District began its initial period of organization and operations during 2025, it did not adopt a formal budget for the year ended December 31, 2025. Accordingly, budget-to-actual variance information is not presented for 2025.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's adopted fiscal year 2026 budget provides for estimated revenues of $3,764,848 and budgeted expenditures of $2,350,000, resulting in a projected increase in fund balance of $1,414,848. The budget was prepared based on estimated revenues and anticipated operating expenditures as the District transitioned from its initial organizational period to ongoing operations.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances. If you have questions about this report or need any additional information, contact the District's business office at 2401 Moorefield Rd. Mission, TX 78574.

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BASIC FINANCIAL STATEMENTS

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 6
Statement of Net Position and Governmental Funds Balance Sheet
As of December 31, 2025

	General Fund	Total	Adjustments	Statement of Net Position
ASSETS				
Current Assets:				
Cash and Equivalents	$ 1,110,846	$ 1,110,846	$ -	$ 1,110,846
Property Taxes, Net	2,197,013	2,197,013	-	2,197,013
Due From Other Government	233,183	233,183	-	233,183
Total Current Assets	3,541,042	3,541,042	-	3,541,042
TOTAL ASSETS	**$ 3,541,042**	**$ 3,541,042**	**$ -**	**$ 3,541,042**
LIABILITIES				
Accounts Payable	$ 582,034	$ 582,034	$ -	$ 582,034
TOTAL LIABILITIES	582,034	582,034	-	582,034
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	749,976	749,976	(749,976)	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,332,010	1,332,010	(749,976)	582,034
FUND BALANCES				
Unassigned	2,209,032	2,209,032	(2,209,032)	-
TOTAL FUND BALANCES	2,209,032	2,209,032	(2,209,032)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 3,541,042**	**$ 3,541,042**		
NET POSITION				
Net Investment in Capital Assets			-	-
Unrestricted			2,959,008	2,959,008
TOTAL NET POSITION			2,959,008	2,959,008
TOTAL LIABILITIES AND NET POSITION				**$ 3,541,042**

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of December 31, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds - Balance Sheet	$ 2,209,032
Property taxes not collected within the District's availability period are reported as deferred inflows of resources in governmental funds. In the Statement of Net Position, the related revenue is recognized when earned.	749,976
Total Net Position - Governmental Activities	$ 2,959,008

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 6
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	General Fund	Total	Adjustments	Statement of Activities
REVENUE				
Property Tax Revenue	$ 2,802,418	$ 2,802,418	$ 749,976	$ 3,552,394
TOTAL REVENUES	2,802,418	2,802,418	749,976	3,552,394
EXPENDITURES				
Emergency Services				
Emergency Services	582,034	582,034	-	582,034
Licenses and Permits	1,455	1,455	-	1,455
Professional Fees	9,768	9,768	-	9,768
Supplies	129	129	-	129
TOTAL EXPENDITURES	593,386	593,386	-	593,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,209,032	2,209,032	(2,209,032)	-
CHANGE IN NET POSITION				$ 2,959,008
FUND BALANCES/NET POSITION - As of January 1, 2025	$ -	$ -	$ -	$ -
FUND BALANCES/NET POSITION - As of December 31, 2025	$ 2,209,032	$ 2,209,032	749,976	$ 2,959,008

HIDALGO COUNTY EMERGENCY SERVICES DISTRICT NO. 6

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Total Net Change in Fund Balances - Governmental Funds	$ 2,209,032
Current-year property tax levy amounts earned but unavailable under the modified accrual basis are recognized as revenue in the government-wide statements.	749,976
Change in Net Position - Governmental Activities	$ 2,959,008

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

This summary of significant accounting policies of Hidalgo County Emergency Services District No. 6 (the "District") is presented to assist the reader in understanding the District's financial statements. The financial statements and accompanying notes are representations of the District's management.

Voters approved creation of the District on May 3, 2025, under Article III, Section 48-e of the Texas Constitution and Chapter 775 of the Texas Health and Safety Code. The District began its initial period of organization and operations during 2025 to protect life and health. The District is a political subdivision of the State of Texas and is governed by a five-member Board of Emergency Services Commissioners appointed by the Hidalgo County Commissioners Court. The District follows accounting principles generally accepted in the United States of America for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

The District's financial reporting entity consists of the primary government, Hidalgo County Emergency Services District No. 6. The District's basic financial statements include the accounts of all District operations.

The criteria for including organizations as component units within a governmental reporting entity include legal separateness, appointment of a voting majority of the governing body, the ability to impose will, fiscal dependency, and the potential for a financial benefit to, or financial burden on, the primary government. Based on these criteria, management has determined that the District has no component units, and the District is not presented as a component unit of Hidalgo County, Texas.

Government-Wide and Fund Financial Statements

The District's accounting and reporting policies conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. GASB Statement No. 34 permits special-purpose governments engaged in a single governmental program to combine government-wide and governmental fund financial statements. The District has elected to present its financial statements using the combined format.

The government-wide financial statements report information on all nonfiduciary activities of the District. The statement of net position presents the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement of activities presents changes in net position during the fiscal year.

Governmental fund financial statements focus on current financial resources and report near-term inflows, outflows, and balances of spendable resources. The District reports one governmental fund, the General Fund, which is the District's primary operating fund and accounts for all financial resources not required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. The District considers revenues available if they are collected within the current period or within 60 days after year-end and are available to pay current-period liabilities. Expenditures are generally recorded when the related liability is incurred.

Property tax revenues are recognized in the fiscal year for which they are levied. Property taxes that are measurable but not available under the modified accrual basis are reported as deferred inflows of resources in the governmental fund financial statements and recognized as revenue in the government-wide financial statements.

New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences, was effective for the District's year ended December 31, 2025. Because the District had no employees and no compensated absence obligations as of December 31, 2025, implementation of this Statement had no material effect on the District's financial statements.

GASB Statement No. 102, Certain Risk Disclosures, was effective for the District's year ended December 31, 2025. Management evaluated concentrations and constraints, including significant revenue sources, service providers, vendors, financing limitations, and other externally or internally imposed limitations. Management did not identify any concentrations or constraints that met the disclosure criteria of GASB Statement No. 102 as of December 31, 2025. Accordingly, implementation of this Statement had no material effect on the District's financial statements or note disclosures.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments, if any, are reported at fair value in accordance with applicable GASB standards. As of December 31, 2025, the District did not report any investments.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the preceding January 1 for all real and certain personal property located within the District, in conformity with the Texas Property Tax Code. Taxes are due upon receipt and become delinquent if not paid before February 1 of the following year. A tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District considers property tax revenues available for governmental fund reporting if collected within 60 days after year-end. Property taxes receivable that are not collected within the District's availability period are reported as deferred inflows of resources in the governmental fund financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Due from Other Governments

Amounts due from other governments consist primarily of property tax collections held by or remitted through the Hidalgo County Tax Office that had not been received by the District as of year-end.

Capital Assets

Capital assets, including property, plant, and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value on the date donated. The District capitalizes assets with an original cost of $5,000 or more and an estimated useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Repairs and maintenance are recorded as expenses when incurred. As of December 31, 2025, the District had no capital assets and no depreciation expense.

Long-Term Obligations

Long-term obligations, if any, are reported as liabilities in the government-wide financial statements. In governmental fund financial statements, governmental fund liabilities are generally reported only when they are due and payable from current financial resources. As of December 31, 2025, the District had no outstanding long-term debt, lease liabilities, subscription liabilities, compensated absences, or other long-term obligations.

Compensated Absences

Compensated absences are recognized in accordance with GASB Statement No. 101 when leave is attributable to services already rendered, accumulates or vests, and is more likely than not to be used for time off or otherwise paid or settled. The District had no employees and no compensated absence liability as of December 31, 2025.

Net Position and Fund Balance

In the government-wide financial statements, net position is classified as net investment in capital assets, restricted net position, or unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of resources with constraints placed on their use by external parties, laws, regulations, or enabling legislation. Unrestricted net position consists of the remaining net position not classified in the preceding categories.

Fund balance in governmental funds is classified as non-spendable, restricted, committed, assigned, or unassigned based on the nature and extent of constraints placed on the use of resources. When both restricted and unrestricted resources are available for use, the District generally considers restricted resources to be used first. When unrestricted fund balance classifications are available for the same purpose, committed amounts are considered used first, followed by assigned amounts and then unassigned amounts, unless the Board specifically identifies another funding source.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of 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 certain reported amounts and disclosures. Actual results could differ from those estimates. Management evaluated the collectability of property taxes receivable and recorded no allowance for uncollectible taxes as of December 31, 2025.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Voters approved creation of the District on May 3, 2025. Because the year ended December 31, 2025, was the District's initial period of organization and operations, the District did not adopt a formal annual budget for 2025. Accordingly, budget-to-actual information is not presented for the year ended December 31, 2025.

On September 24, 2025, the Board adopted the District's fiscal year 2026 budget, providing for estimated revenues of $3,764,848 and budgeted expenditures of $2,350,000, resulting in a projected increase in fund balance of $1,414,848.

Finance-Related Legal and Contractual Provisions

Finance-related legal and contractual violations, if any, are reported below with the related corrective action:

Violation	Action Taken
None	None

Committed Fund Balance and Restricted Net Position

As of December 31, 2025, the District did not report any committed fund balance or restricted net position.

NOTE 3 – DETAILED NOTES ON FUNDS AND OTHER MATTERS

A. Tax Levy

For the 2025 tax year, the District adopted a maintenance and operations tax rate of $0.10 per $100 of taxable value and a debt service tax rate of $0.00 per $100 of taxable value, for a total adopted tax rate of $0.10 per $100 of taxable value.

Description	Amount
Original 2025 tax levy	$3,962,960
Modifications/dropped years through December 31, 2025	(410,566)
Adjusted 2025 levy	3,552,394
Collections through December 31, 2025	(1,355,381)
Property taxes receivable as of December 31, 2025	$2,197,013

NOTE 3 – DETAILED NOTES ON FUNDS AND OTHER MATTERS – Continued

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 by October 1, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

B. Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. Depository banks are required to pledge approved securities or otherwise provide collateral authorized by Chapter 2257 of the Texas Government Code, in an amount sufficient to protect District funds on a day-to-day basis, except to the extent the balances are insured by the Federal Deposit Insurance Corporation (FDIC).

The District maintains its depository account with Texas National Bank. As of December 31, 2025, the carrying amount of cash and cash equivalents reported in the financial statements was $1,110,846. Management reported that the bank balance was fully insured by FDIC coverage or collateralized by pledged securities and was not exposed to custodial credit risk.

C. Investments

The District is subject to Chapter 2256 of the Texas Government Code, the Public Funds Investment Act. The Act requires the District to adopt, implement, and publicize an investment policy that emphasizes safety of principal and liquidity and addresses diversification, yield, maturity, investment quality, and investment management capability.

As of December 31, 2025, the District reported no investments. Subsequent to year-end, in February 2026, the Board approved the District's investment policy, appointed the District's Treasurer as investment officer, and authorized the transfer of $1,000,000 to a money market account at the District's depository bank.

D. Property Taxes Receivable and Due from Other Governments

Receivables reported by the District at December 31, 2025, consisted of the following:

Description	Gross Receivable	Allowance	Net Receivable
Property taxes receivable	$2,197,013	-	$2,197,013
Due from other governments – tax collections in transit	$233,183	-	$233,183

The due from other governments balance of $233,183 represents December 2025 property tax collections reported as in transit from the county tax office at year-end.

NOTE 3 – DETAILED NOTES ON FUNDS AND OTHER MATTERS - Continued

E. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources for property tax revenues that are measurable but not available to liquidate liabilities of the current period. The District's property tax availability period is 60 days after year-end.

Description	Amount
Property taxes receivable as of December 31, 2025	$2,197,013
Less: property taxes collected during the first 60 days after year-end	(1,447,037)
Deferred inflows of resources – unavailable property tax revenue	$749,976

F. Accounts Payable

Accounts payable as of December 31, 2025, consisted of the following:

Description	Amount
Municipality – emergency services reimbursement	$582,034

The municipality's invoice totaled $776,045 and covered emergency services provided from July 22, 2025, through February 1, 2026. The District accrued $582,034 as accounts payable at December 31, 2025; the remaining $194,011 related to 2026.

G. Litigation

Management is not aware of any pending or threatened litigation, assessments, or unasserted claims against the District as of the date the financial statements were available to be issued.

H. Fair Value of Financial Instruments

GASB Statement No. 72, "Fair Value Measurement and Application," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District had no investments or other assets or liabilities measured at fair value on a recurring basis as of December 31, 2025. Accordingly, no fair value hierarchy disclosures are presented.

I. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The District had not approved commercial insurance coverage as of December 31, 2025. Subsequent to year-end, in January 2026, the Board approved commercial insurance coverage at a cost of $1,379. Because 2025 was the District's initial reporting period, there were no prior-year claims or settlements.

NOTE 3 – DETAILED NOTES ON FUNDS AND OTHER MATTERS - Continued

J. Commitments and Contingencies

During 2025, the District approved interlocal agreements with the county for District reimbursements, with a local irrigation district for emergency water services, and with a municipality for emergency-services reimbursements. The District accrued $582,034 at December 31, 2025, related to the municipality's reimbursement invoice covering services from July 22, 2025, through February 1, 2026. The District also continued evaluating fire, emergency medical service, and other emergency-service provider arrangements and related transition matters. No final fire or emergency medical service provider contract had been approved as of December 31, 2025. Subsequent service and reimbursement arrangements are described in the subsequent events note.

K. Subsequent Events

Management evaluated subsequent events through July 27, 2026, the date the financial statements were available to be issued.

In January 2026, the commissioners, who had been appointed to the District's Board during 2025, elected the Board's officers. The Board also approved updated banking authorizations, certain operating invoices, a commissioner reimbursement resolution and policy, commercial insurance coverage at a cost of $1,379, and the engagement of a fire-services consultant subject to final legal review.

In February 2026, the Board approved a $776,045 reimbursement invoice from a municipality for emergency services provided from July 22, 2025, through February 1, 2026. Of that amount, $582,034 was accrued as accounts payable at December 31, 2025, and $194,011 related to 2026. The Board also approved a commissioner compensation resolution, adopted the District's investment policy, appointed the District's Treasurer as investment officer, and authorized the transfer of $1,000,000 to a money market account at the District's depository bank.

In March 2026, the Board continued evaluating fire-service proposals and the transition from existing county service arrangements.

In April 2026, the Board approved making fire-service offers to several municipalities based on the county's last offer plus 10 percent, with coverage areas and reporting requirements to be determined. These actions were intended to advance the District's transition to future service arrangements and are expected to affect future operating costs and service delivery. The Board also approved the required findings for contingent-fee legal services, awarded a delinquent-tax collection contract, and adopted delinquent-tax penalty resolutions under applicable provisions of the Texas Tax Code. No adjustment has been recorded in the financial statements for services or obligations arising after December 31, 2025.

GUILLERMO REYNA
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Hidalgo County Emergency Services District No. 6

We have audited, in accordance with the 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, the financial statements of the governmental activities and the General Fund of the Hidalgo County Emergency Services District No. 6 ("the District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Hidalgo County Emergency Services District No. 6's basic financial statements and, we have issued our report thereon dated July 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hidalgo County Emergency Services District No. 6's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hidalgo County Emergency Services District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hidalgo County Emergency Services District No. 6's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Guillermo Reyna

Guillermo Reyna, CPA
McAllen, Texas
July 27, 2026