HIDALGO COUNTY DRAINAGE DISTRICT NO. 1

A Component Unit of County of Hidalgo, Texas

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2025

Hidalgo County Drainage District No. 1

A Component Unit of County of Hidalgo, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2025

Prepared By:
Accounting Department
Lora D. Briones
Chief Financial Officer
902 N. Doolittle
Edinburg, Texas 78542

HIDALGO COUNTY
HCDD1
DRAINAGE DISTRICT No.1

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
(A Component Unit of Hidalgo County, Texas)
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

SINGLE AUDIT SECTION

This report is also available online at https://www.hcdd1.org

HIDALGO COUNTY DRAINAGE DISTRICT No.1

HCDD1

INTRODUCTORY SECTION

HIDALGO COUNTY DRAINAGE DISTRICT No. 1
RAUL E. SESIN, PE, CFM
District General Manager
Hidalgo County Floodplain Administrator

BOARD OF DIRECTORS

DAVID L. FUENTES	EDUARDO "EDDIE" CANTU	RICHARD F. CORTEZ	EVERARDO "EVER" VILLARREAL	ELLIE TORRES
Board Member	Board Member	Chairman of the Board	Board Member	Board Member

June 29, 2026

The Honorable Members of the Hidalgo County Drainage District No. 1 Board of Directors and Citizens of Hidalgo County, Texas:

The Hidalgo County Drainage District No.1 (District) Annual Comprehensive Financial Report for the year ended December 31, 2025, is submitted herewith.

Hidalgo County Drainage District No. 1 was created on April 9, 1908 by Order of the Commissioners' Court of Hidalgo County, Texas, pursuant to an election held within the territory affected on March 24, 1908. Originally organized under provisions of Article III, Section 52 of the Constitution of Texas, the District was later converted to a Conservation and Reclamation District under the provisions of Article XVI, Section 59 of the Texas Constitution. Since its creation, the Board of Directors has been made up of the County Judge and four County Commissioners.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to obtain the maximum understanding of the District's financial affairs have been included.

In 2002, the District initiated the implementation of Governmental Accounting Standards Board Statement Number 34 (GASB 34), *Basic Financial Statements* – And Management's Discussion and Analysis – For State and Local Governments. GASB Statement 34, labeled by GASB as "the most significant change in the history of government financial reporting," amends the financial reporting model to include supplementary information about an entity and fiscal health including the status of public infrastructure. This report was prepared in accordance with this statement and is presented in the following three sections:

- The Introductory Section, which includes this Transmittal Letter.
- The Financial Section, which includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic statements, and combining statements and schedules.
- Supplementary information, as required by Texas Commission on Environmental Quality (TCEQ), and statistical information that is generally presented on a multi-year basis.

Burton, McCumber & Longoria, LLP, an independent certified public accounting firm, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended December 31, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

Based on the independent audit performed by our external auditors, they concluded that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for year ended December 31, 2025, and are fairly presented in conformity with accounting principles generally accepted in the United States of America. The Independent Auditor's Report is presented as the first component of the Financial Section of this report.

902 N. Doolittle Road • Edinburg, Texas 78542 | Office 956 292.7080 • Fax 956 292.7089
www.hcdd1.org

Generally accepted accounting principles require that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction therewith. The District's MD&A can be found immediately following the report of the independent auditors.

The five members of the Board of Directors for the District are the same members as the Hidalgo County Commissioners Court. One member is the county judge who is elected to a four-year term. The other four members are county commissioners; each elected from a road and bridge precinct to a four-year term.

Among its duties and responsibilities, the five-member board has exclusive authority over a wide range of areas in the operation of the District. These duties and responsibilities include the approval of the District's operating budget and budgetary amendments, setting ad valorem property tax rates, auditing, and directing settlement of all claims against the District. The board also determines when propositions to issue bonds will be submitted to the voters.

Internal Controls
Management of the District is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget Process and Fiscal Policy
Texas Water Code Chapter 49 Section 49.057 establishes that the board shall adopt an annual budget. After appraised values are received from the Appraisal District and the Tax Assessor provides benchmark calculations, the tax rate for the tax levy is proposed and presented to the Board of Directors.. The level of budgetary control for the District's General, Special Revenue, Capital Projects and Debt are at the function level. The adoption of supplemental budgets is approved by the Board of Directors for the limited purpose of new grants, new sources of revenues not anticipated at the adoption of the original budget, and in capital and debt fund for remaining fund balances or current year's sale of bonds or refunding issuances They may approve increases in appropriations for prior years encumbrances in the general fund. The District maintains an encumbrance accounting system as a method to accomplish budgetary control. The Board of Directors consistently emphasize and maintain at least fifty percent of the unassigned fund balance levels of the District's main operating fund – General fund, to meet obligations of payroll and operating costs, thus assisting in maintaining financial stability for retaining or enhancing the District's bond ratings. The District also strives to maintain significant amounts to fund the repairs of structures in the event of excessive rainfall, hurricanes or disasters that may occur during the year.

Cash Management
The District invests its funds in investments authorized by Texas laws in accordance with investment policies approved by the Board of Directors. Under Texas Law, the District is required to invest its funds to primarily emphasize safety of principal and liquidity. The interest income in 2025 totaled $8,735,844 a decrease of $2,438,571 from the prior year total of $11,174,416. Interest income decreased primarily due to three Federal Reserve rate cuts that ended 2025 with a target range of 3.50% to 3.75% compared to the targeted rate at the beginning of 2024 of 5.25% to 5.50%.

Capital Assets
These financial statements include the capital assets of the District. Accounting for capital assets is discussed in the MD&A that is part of the basic financial statements. More detailed information about the capital assets can be found in the notes to the financial statements.

Risk Management and Insurance
The District provides for a risk manager, who is primarily responsible for identifying and assessing the District's exposure to all types of risk and recommending the safest and most cost-effective methods to eliminate or reduce the identified risks. The District, through its risk management policies, assumes substantially all risks associated with general tort claims that parties may file against the District and liability

claims against the District due to conditions of property or equipment. Additional information on the District's risk management activity can be found in the notes to the financial statements.

Economic Conditions and Outlook
Hidalgo County, in which the District operates, is an attractive place to live and do business. With an estimated population of 921,549 people, Hidalgo County is the 9th most populated out of 254 Texas counties. Population since the 2020 Census has grown by 5.8% according to the U.S. Census. Also, the traditional agricultural and international based economy has increasingly diversified with education, health services, and government sector employment. Ecotourism has seen a recent growth in Hidalgo County attracting new travelers to this area for birding due to the prime location of the county along the transcontinental migratory flight paths. Also seeing a growth is the healthcare field, with the University of Texas Rio Grande Valley's Medical School and Texas A&M campus in North McAllen. This will help in further diversifying by adding highly skilled employment to the trade centered economy in Hidalgo County.

Hidalgo County provides factors which are considered to be an excellent quality of life, high-tech medical facilities, comprehensive financial services community, a demonstrated logistics advantage necessary to reach existing and new markets, and bicultural/bilingual population. According to the Census Bureau, the median household income for this area as of 2024 is $54,338.

Current Developments and Programs
On May 6, 2023, Hidalgo County voters passed a $195 Million bond referendum to improve the District's drainage system. There were 26 identified projects to alleviate flooding issues throughout the District. As of December 31, 2025, $103,465,000 of the 2023 bond referendum have been sold. Progress continues on the 2018 Bond Referendum program with a focus on the following projects:

<u>Raymondville Main Drain Project</u>
The Raymondville Drain Project currently exists as an authorized federal project with the US Army Corps of Engineers-Galveston District (USACE) as the Project for Flood Control, Lower Rio Grande Basin, Texas under Title IV, Section 401 of WRDA 1986, as amended by the Water Resources Development Act (WRDA) 2007. Major flooding problems exist in the areas drained by the Raymondville Drain because of significant urban growth that has occurred in recent years. The project will implement flood control improvements along an approximate 60-mile long channel alignment, including 12 miles of new ditch, major detention ponds, in-line detention, retention, hydraulic control structures, bridges, culverts and utility crossings. The District is the lead sponsor for the project working in partnership with the US Army Corps of Engineers. The District has a current agreement with the USACE, invoking provisions of general WRDS Section 211, whereby the District has taken over the USACE's portion of the project, anticipating reimbursement at the time of construction for the federal cost share of the project. Concurrently, the District is also pursuing congressional designation for the project to be a demonstration project under Section 211 (f), to ensure that reimbursement of the federal cost share could occur intermittently, as the planning documents-studies progress prior to construction. The project was ranked as the No. 1 project for the Lower Rio Grande Valley Regional Drainage Plan. It is anticipated that the project will get environmental clearance in 2027; portions of construction commenced in 2018 as well as parcel acquisition on various segments.

<u>Delta Regional Reservoir</u>
Once the project is complete, it will provide over 200 acres of off-line detention ponds in the North East quadrant of the District near the City of Mercedes, Texas. This will mitigate flooding up and downstream of the Main Floodwater Channel Drain. The Delta Reclamation project, once complete, will be an additional water source for our region.

<u>Mission/Palmview Lateral</u>
This project will widen and enhance the linear detention and functionality of the District's Mission Lateral Ditch while also adding culvert crossing and detention facilities.

Mile 10 N & Mile 1 W, Mile 11 N & FM 1015, and Mile 11 N & Texas Boulevard Projects
These projects in the District's Precinct 1 area will add four new regional detention ponds and new storm drainage systems along several neighborhoods that were severely impacted with the 500-year rain events that occurred in 2018 and 2019.

South Lateral Drain and Structure
These projects will add detention facilities at the upstream end connecting to the Main Floodway as well as widening the channel to improve drain flow. Also, the structure project will improve the culvert and widening of drain ditches leading up to the outfall points at the South Lateral Drain.

Status of projects can also be found in the District's website www.hcdd1.org.

Award and Acknowledgements
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Hidalgo County Drainage District No. 1 for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2024. This was the eighth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the professional services provided by our independent auditors, Burton McCumber & Longoria, LLP. I would like to express our appreciation to the District's accounting staff and the various departments of Hidalgo County who assisted and contributed to the preparation of this report. I wish to express my thanks to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in managing the District's financial affairs.

Sincerely,
Hidalgo County Drainage District No. 1

PE

Raul E. Sesin, PE, CFM
District General Manager

Lora Briones

Lora Briones,
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hidalgo County Drainage District #1
Texas

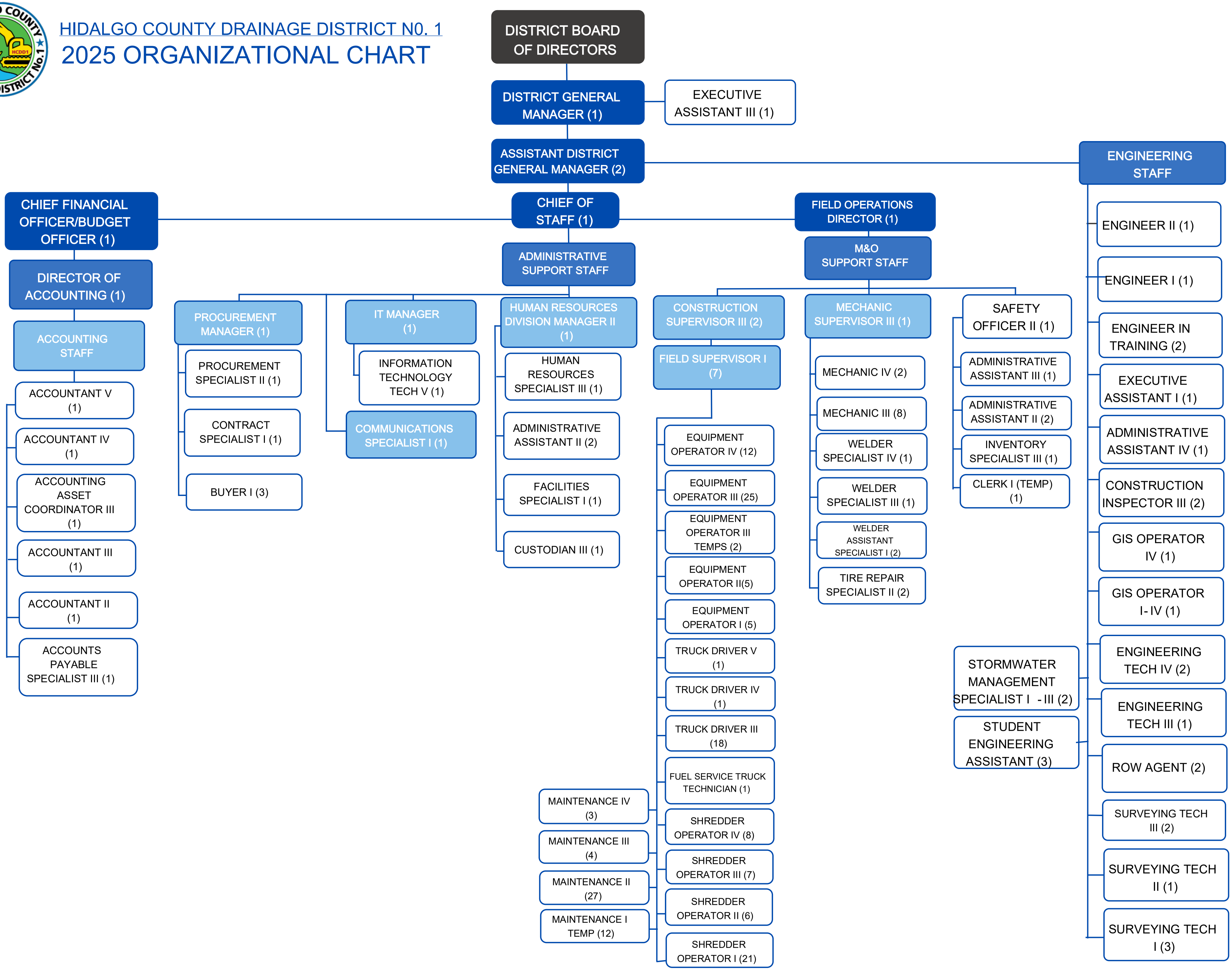
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Executive Director/CEO

HIDALGO COUNTY DRAINAGE DISTRICT N0. 1

2025 ORGANIZATIONAL CHART



HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Governing Body
As of December 31, 2025

County Judge Richard F. Cortez…………………………………………………………………	Chairman
Commissioner David L. Fuentes………………………………………………………………..	Board Member
Commissioner Eduardo Cantu…………………………………………………………………	Board Member
Commissioner Everardo Villarreal……………………………………………………………	Board Member
Commissioner Ellie Torres……………………………………………………………………	Board Member

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Principal Officials
As of December 31, 2025

Richard F. Cortez…………………………………………………..	County Judge	Chairman
David L. Fuentes……………………………………………………	Commissioner	Board Member
Eduardo Cantu………………………………………………………	Commissioner	Board Member
Everardo Villarreal…………………………………………………	Commissioner	Board Member
Ellie Torres…….………………………………………………………	Commissioner	Board Member
Raul E. Sesin, P.E., CFM…………………………………………	General Manager	General Manager
Letty Chavez….…………………………….………………………….	County Auditor	County Auditor
Pablo "Paul" Villarreal, Jr………………………………………..	Tax Assessor	Tax Assessor/Collector
Lita L. Leo ……………………………………………………………….	County Treasurer	Investment Officer

INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hidalgo County Drainage District No. 1

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hidalgo County Drainage District No. 1 (the District), as of and for the year ended December 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, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2025 the District adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. 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 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 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 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 OPEB liability and pension information on pages 18–25 and 70–75 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 accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 information 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical sections and Texas Supplementary Information (TSI) as required by the Texas Commission for Environmental Quality (TCEQ) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the District'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 District'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 the District's internal control over financial reporting and compliance.

Burton, McCumber & Longoria LLP

McAllen, Texas
June 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Management's Discussion and Analysis (MD&A) of Hidalgo County Drainage District No. 1 (the District), Edinburg, Texas is intended to provide an overview of the District's financial position and results of operations for the fiscal year ended December 31, 2025. Please read it in conjunction with the letter of transmittal on page 2 and the District's financial statements, which begin on page 28.

FINANCIAL HIGHLIGHTS

General Fund

- At fiscal year end, the unassigned fund balance in the general fund totaled $27,757,581 which represents a $1,722,735 increase from fiscal year 2024 primarily due to an increase in property tax collections.

- The collection of the 2024 tax levy for general fund increased to $28,705,158, an increase of 15.13 percent primarily due to increase in the overall property value assessments. The general fund revenues decreased by $2,114,863 to $31,543,266, a decrease of 6.3 percent over fiscal year 2024. The decrease in revenues is mainly attributed to the Texas Commission on Environmental Quality's Raymondville Drain Restore Act project concluding in May.

- General fund expenditures increased by $5,573,942 to $30,672,681, an increase of 22.2 percent over fiscal year 2024 primarily due to capital outlays for drainage flood control.

Government-Wide

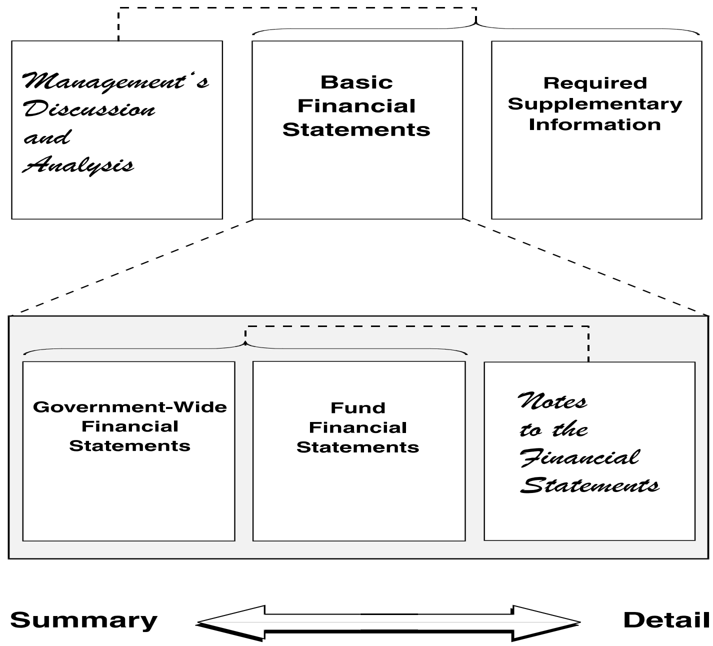
- The District's governmental activities reported expenses of $36,622,655 net of program revenues totaling $4,426,391. General revenues totaled $75,424,922 resulting in an increase in net position of $43,228,658.

- At fiscal year-end, the District's governmental activities reported combined total net position of $325,472,090.

- A significant portion of net position is invested in capital assets or is restricted for specific purposes.

USING THIS ANNUAL REPORT

The following illustration is provided to facilitate the understanding of the GASB 34 reporting format and its components:



OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

- The Statement of Net Position and the Statement of Activities are government-wide financial statements that provide information about the activities of the District as a whole and present a long-term view of the District's finances.

- Fund financial statements provide information as to how services are financed in the short-term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds or "major" funds rather than fund types.

- The accompanying notes provide essential information about certain accounts disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

The following summarizes the major features of the District's financial statements:

	Government-Wide	Governmental Funds
Scope	Entire District government	The activities of the District
Required financial statements	♦ Statement of Net Position	♦ Balance Sheet
	♦ Statement of Activities	♦ Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities that is helpful in determining whether the District's position has improved or deteriorated as a result of the current year activities. Both statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, both short and long-term, and deferred inflows of resources. The Statement of Activities reports all of the current year revenues and expenses regardless of when cash is received or paid.

The two government-wide statements report the District's net position and changes in them. Net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources) are one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's drainage facilities, should also be considered in assessing the overall health of the District.

The Statement of Net Position and the Statement of Activities operate as governmental activities. The District's services consist primarily of drainage flood control and administration. Property taxes, interest earnings, and miscellaneous revenue finance most of these activities

Fund Financial Statements

The fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by state law and by bond covenants. Other funds are established to ensure and demonstrate compliance with finance related legal requirements and prudent fiscal management. The District has only governmental fund types.

Governmental funds – all the District's basic services are reported in governmental funds. The measurement focus and basis of accounting continue to be the modified accrual basis, which measures inflows and outflows of current financial resources and the balances left at year-end that are available for spending. The District's major governmental funds are the General Fund, 2021 A Taxable Bond Series Capital Project Fund, 2023 Bond Series Capital Projects Fund, 2023 Bond Series Debt Service Fund, and the 2025 Taxable Bond Series Debt Service Fund. The reconciliations of the fund financial statements to the government-wide statements explain the differences between the governmental fund statements and the government-wide statements.

Statement of Net Position (Government-Wide)

The following comparative analysis table summarizes the District's net position as of December 31,:

Assets:	2025	2024
Current and other assets	$ 306,385,779	$ 267,705,650
Capital assets, net	371,416,298	334,319,771
Total assets	677,802,077	602,025,421
Deferred Outflows of Resources:		
Deferred charges on refunding	195,288	146,396
Deferred resources for pension	2,105,754	2,053,195
Deferred resources for OPEB	745,072	842,264
Total deferred outflows of resources	3,046,114	3,041,855
Liabilities:		
Long-term liabilities	282,289,382	266,179,835
Other liabilities	26,203,124	15,369,238
Total liabilities	308,492,506	281,549,073
Deferred Inflows of Resources:		
Deferred resources for pension	318,127	96,740
Deferred resources for OPEB	1,252,535	1,253,603
Deferred revenue for property taxes	45,312,933	39,751,730
Total deferred inflows of resources	46,883,595	41,102,073
Net position:		
Net investment in capital assets	251,971,050	239,036,975
Restricted	23,708,145	22,846,443
Unrestricted	49,792,895	20,532,712
Total net position	$ 325,472,090	$ 282,416,130

At the close of the current fiscal year, $251,971,050 represents the portion the District has invested in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), net of accumulated depreciation less any outstanding debt used to construct or acquire those assets.

The District uses these capital assets for drainage improvements and flood control; consequently, these are not available for future spending. At the end of the fiscal year, the District reported a positive balance of $23,708,145 for the District's restricted net position that may be used to meet the ongoing obligations to citizens and creditors. The District's unrestricted net position increased to $49,792,895 in connection with the District's governmental activities related to the debt associated with Drainage Development Projects, Control Structures, and Weir Rehabilitation as well as increase in capital outlay.

Statement of Activities (Government-Wide)

The following table summarizes the change in the District's net position from its activities for the fiscal years ended December 31,

	2025	2024
Revenues:		
Program revenues:		
Operating grants and contributions	$ 4,171,545	$ 5,910,539
Charges for services	254,846	228,873
Total program revenues	4,426,391	6,139,412
General revenues:		
Property taxes	65,037,532	65,192,947
Interest income	8,735,844	11,174,416
Tax penalties and interest	1,305,193	1,188,487
Miscellaneous	210,118	4,596,549
Gain on sale of capital assets	136,235	-
Total general revenues	75,424,922	82,152,399
Total revenues	79,851,313	88,291,811
Expenses:		
General government	7,318,828	5,681,029
Drainage flood control	21,150,066	19,189,475
Interest on long-term debt	8,153,761	8,039,931
Total expenses	36,622,655	32,910,435
Increase (decrease) in net position	43,228,658	55,381,376
Net Position - beginning	282,416,130	227,524,946
CIP from prior years removed	(172,698)	(490,192)
Net Position - beginning adjusted	282,243,432	227,034,754
Net Position - ending	$ 325,472,090	$ 282,416,130

The District's general revenues totaled $75,424,922. Property taxes contributed $65,037,532 or 86.2% of total general revenues a decrease of $155,415 due to small fluctuations in tax collections for the Debt Service Funds. The remaining 13.8% of general revenues was derived from interest, tax penalties and other sources. The decrease in interest income was due to 3 Federal Reserve interest rate cuts in 2025. The total expenses for services totaled $36,622,655, an increase of $3,712,220 from previous year primarily due to an increase in number of employees and acquisition of capital outlays including equipment. Expenditures necessary for the maintenance and operations of drainage facilities accounted for 57.8% of expenses. General governmental activities and interest in long-term debt expenses accounted for 19.9% and 22.3% percent of the total expenses, respectively.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds for the District's major funds: General Fund, 2021 A Taxable Bond Series Capital Projects Fund, 2023 Bond Series Capital Projects Fund, 2023 Bond Series Debt Service Fund, and the 2025 Taxable Bond Series Debt Service Fund. Financial information for the non-major governmental funds is presented in single columns by fund type.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund totaled $35,583,002 which represents a $1,723,735 increase from fiscal year 2024. The increase in fund balance was attributed to a combination of an increase of tax collection revenue and a reduction in expenditures received from the Restore Fund Grant for equipment usage. These funds are set aside in the assigned fund balance for equipment replacement and minor capital improvements.

Over the course of the year, the Board revised the District's budget. These budget amendments fall into three categories. The first category includes the appropriation of the prior year's remaining balance for new projects the Board took action on during 2025. The second category includes line-item transfers within the department to cover underfunded line items. Finally, the Board approved budget amendments to certain line items (including engineering, rentals, insurance, and other heavy equipment) to record expenditures that were necessary for maintenance and operations of the drainage systems.

The District had amendments to the original budget for general government and drainage flood control totaling $5,430,200. The increase was due to in-house construction of drainage ditches and heavy equipment units that were not part of the bond funded projects.

Other Major Funds

The 2021 A Taxable Bonds Series Capital Project Fund increased by $4,797,845 which was attributed to intergovernmental revenues and interest earnings. The 2023 Bond Series Capital Projects Fund decreased by $23,470,283 which was attributed to the ongoing engineering, land acquisitions, and construction costs of the 26 identified projects. The 2023 Bond Series Debt Service Fund increased by $62,694 due to interest revenue. The 2025 Taxable Bond Series Debt Service Fund was a new bond in 2025 which is used for payment of principal and interest on the Unlimited Tax Improvement Bonds Taxable Series 2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the District had $371,416,298 invested in capital assets, including land and easements, infrastructure, construction in progress, buildings and renovations, and machinery and equipment. Land, easements and construction in progress are not depreciated. Subscriptions Based Information Technology Arrangements are amortized. Additional information on the District's capital assets can be found in the notes to the financial statements (See Note F).

Capital assets at year-end
(Net of depreciation & amortization)

	2025	2024
Land and easements	$ 55,488,763	$ 51,318,163
Construction in progress	139,498,348	142,524,613
Infrastructure	151,216,816	120,360,219
Buildings and renovations	2,533,597	2,589,780
Machinery and equipment	22,201,543	17,038,379
Subscriptions	477,231	488,617
Total	$ 371,416,298	$ 334,319,771

Outstanding Debt

At year end, the District's outstanding long-term liabilities were as follows:

Outstanding Debt at Year-End

	2025	2024
Bond Series 2013	$ 34,935,000	$ 37,395,000
Refunding Bond 2014	1,945,000	5,850,000
Refunding Bond 2016	-	19,180,000
Bond Series 2019	58,170,000	61,050,000
Bond Series 2021	26,575,000	27,345,000
Bond Series 2021 A Taxable	19,250,000	19,985,000
Bond Series 2021 Taxable FIF	19,817,000	20,580,000
Bond Series 2023	44,975,000	58,205,000
Bond Series 2025	16,380,000	-
Bond Series 2025 Taxable	27,880,000	-
Refunding Bond 2025	16,420,000	-
Bond Premiums	11,280,527	11,343,682
Compensated Absences	1,402,101	1,507,997
SBITA	341,587	398,368
Pension	1,239,265	1,677,103
OPEB	1,678,902	1,662,537
	$ 282,289,382	$ 266,179,687

Additional debt information can be found on Note G long-term liabilities beginning on page 54.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2026 Levy experienced a $6.6 billion increase in the appraised valuation from prior years, due in part to the growth of the economy and across the board property valuations. The District will continue maintenance and expansion of its facilities as well as new projects as Hidalgo County's population and infrastructure needs continue to grow.

The Board of Directors considered these factors when setting the budget requirements for fiscal year 2026. A balanced budget was approved with revenues and expenditures for 2026 totaling $33,328,756 available for appropriation in the General Fund budget. The District passed a tax rate of .1123 per $100 valuation for the 2026 budget year. The 2026 budget year includes additional employees. Other operational expenditures were evaluated and adjusted, including items that have been affected by economic trends and other items used for emergencies. Capital improvements are in the future plans of the District for the 2026 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives and can also be found at www.hcdd1.org. Additional financial information can be requested at:

Hidalgo County Drainage District No. 1
902 North Doolittle Road
Edinburg, Texas 78542
956-292-7080

BASIC FINANCIAL STATEMENTS

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 252,852,079
Receivables	
(net of allowance for uncollectibles)	
Property taxes	45,312,933
Other accounts	22,674
Due from other governments	8,196,093
Prepaid items	2,000
Capital assets, not being depreciated	
Land and easements	55,488,763
Construction in progress	139,498,348
Capital assets (net of accumulated depreciation & amortization)	
Infrastructure	151,216,816
Buildings and renovations	2,533,597
Machinery and equipment	22,201,543
SBITA	477,231
Total assets	677,802,077
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	195,288
Deferred resources for pension	2,105,754
Deferred resources for OPEB	745,072
Total deferred outflows of resources	3,046,114

The accompanying notes are an integral part of this statement.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT A-1**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS

STATEMENT OF NET POSITION

DECEMBER 31, 2025

LIABILITIES	
Accounts payable	7,861,490
Salaries and benefits payable	660,162
Retainage payable	2,594,647
Due to other governments	1,766,944
Unearned revenue	9,870,676
Accrued interest	3,110,885
Other liabilities	338,320
Long-term liabilities:	
Due within one year	
Bond Series 2013	2,570,988
Bond Series 2014	1,982,341
Bond Series 2019	3,717,245
Bond Series 2021 Taxable FIF	763,000
Bond Series 2021	1,002,064
Bond Series 2021 A Taxable	773,029
Bond Series 2023	1,163,466
Bond Series 2025	1,508,753
Bond Series 2025 Taxable	13,735,000
Bond Series 2025 Refunding	4,794,699
SBITA	236,668
Compensated absences	173,337
Net pension	-
Other post employment benefits	-
Due in more than one year	
Bond Series 2013	32,229,898
Bond Series 2019	58,225,458
Bond Series 2021 Taxable FIF	19,054,000
Bond Series 2021	29,374,991
Bond Series 2021 A Taxable	19,031,811
Bond Series 2023	45,083,152
Bond Series 2025	16,130,359
Bond Series 2025 Taxable	14,145,000
Bond Series 2025 Refunding	12,342,273
SBITA	104,919
Compensated absences	1,228,764
Net pension	1,239,265
Other post employment benefits	1,678,902
Total liabilities	308,492,506
DEFERRED INFLOWS OF RESOURCES	
Deferred resources for pension	318,127
Deferred resources for OPEB	1,252,535
Deferred revenues-property taxes	45,312,933
Total deferred inflows of resources	46,883,595
Net investment in capital assets	251,971,050
Restricted for:	
Debt service	22,935,131
Grants	773,014
Unrestricted	49,792,895
Total net position	$ 325,472,090

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT A-2**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions\ Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
General government	$ (7,318,828)	$ -	$ -	$ -	$ (7,318,828)
Drainage flood control	(21,150,066)	254,846	-	4,171,545	(16,723,675)
Interest on long-term debt	(8,153,761)	-	-	-	(8,153,761)
Total Governmental Activities	$ (36,622,655)	$ 254,846	$ -	$ 4,171,545	$ (32,196,264)
General Revenues:					
Property taxes					65,037,532
Interest income					8,735,844
Tax penalties and interest					1,305,193
Miscellaneous					210,118
Gain on sale of capital assets					136,235
Total General Revenues					75,424,922
Change in Net Position					43,228,658
Net Position - Beginning, as previously reported					282,416,130
Restatement of CIP					(172,698)
Net Position - Beginning, restated					282,243,432
Net Position - Ending					$ 325,472,090

The accompanying notes are an integral part of this statement.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	2021 A Taxable Bond Series Capital Projects Fund	2023 Bond Series Capital Projects Fund
ASSETS			
Cash and cash equivalents	$ 63,759,091	$ 53,900,819	$ 29,471,337
Receivables			
(net of allowance for uncollectibles)			
Property taxes	20,281,818	-	-
Other accounts	17,349	-	-
Due from other governments	5,021,372	1,496,159	435,177
Due from other funds	614,457	999,675	143,986
Prepaid items	2,000	-	-
Total Assets	$ 89,696,087	$ 56,396,653	$ 30,050,500
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,121,421	$ -	$ 3,999,666
Salaries and benefits payable	660,162	-	-
Held in escrow	338,320	-	-
Retainage payable	-	-	1,740,296
Due to other governments	6,828	-	340,451
Due to other funds	16,893,816	-	2,492,243
Unearned revenue	-	-	-
Total Liabilities	20,020,547	-	8,572,656
Deferred inflows of resources:			
Unavailable revenue-interlocal	649,019	-	-
Unavailable revenue-property taxes	13,161,701	-	-
Deferred revenue-property taxes	20,281,818	-	-
Total Deferred Inflows of Resources	34,092,538	-	-
Fund Balances:			
Non-spendable:			
Prepaid items	2,000	-	-
Restricted:			
Special revenue	-	-	-
Capital projects	-	56,396,653	21,477,844
Debt service	-	-	-
Assigned	7,823,421	-	-
Unassigned	27,757,581	-	-
Total Fund Balances	35,583,002	56,396,653	21,477,844
Total Liabilities, Deferred Inflows and Fund Balances	$ 89,696,087	$ 56,396,653	$ 30,050,500

The accompanying notes are an integral part of this statement.

2023 Bond Series Debt Service Fund	2025 Taxable Bond Series Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
$ 1,360,709	$ -	$ 104,360,123	$ 252,852,079
1,941,319	8,366,231	14,723,565	45,312,933
-		5,325	22,674
-	-	1,243,385	8,196,093
1,405,394	6,094,661	13,383,098	22,641,271
-	-	-	2,000
$ 4,707,422	$ 14,460,892	$ 133,715,496	$ 329,027,050
$ 550	$ -	$ 1,739,853	$ 7,861,490
-	-	-	660,162
-	-	-	338,320
-	-	854,351	2,594,647
-	-	1,419,665	1,766,944
1,300,000	-	1,955,212	22,641,271
-	-	9,870,676	9,870,676
1,300,550	-	15,839,757	45,733,510
-	-	-	649,019
1,327,808	6,094,661	9,275,609	29,859,779
1,941,319	8,366,231	14,723,565	45,312,933
3,269,127	14,460,892	23,999,174	75,821,731
-	-	-	2,000
-	-	773,014	773,014
-	-	87,004,243	164,878,740
137,745	-	6,099,308	6,237,053
-	-	-	7,823,421
-	-	-	27,757,581
137,745	-	93,876,565	207,471,809
$ 4,707,422	$ 14,460,892	$ 133,715,496	$ 329,027,050

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT A-4**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance - balance sheet governmental funds		$ 207,471,809
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and easements	55,488,763	
Construction in progress	139,498,348	
Infrastructure	151,216,816	
Buildings and renovations	2,533,597	
Machinery and equipment	22,201,543	
SBITA	477,231	371,416,298
2. Deferred outflows of resources represent a consumption of net position that applies to future periods, therefore, they are not recognized as an outflow until then. For refunding debt, the deferred charges on refundings are amortized over the shorter of the life of refunded or refunding debt.		
Refunding	195,288	
Pensions	2,105,754	
OPEB	745,072	3,046,114
3. A portion of the District's taxes collected during the year are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.		29,859,779
4. Certain receivables are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. These amounts are recognized as revenue in the government-wide statements.		649,019
5. Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term), are reported in the statement of net position.		
Accrued interest	(3,110,885)	
Bond Series 2013 - outstanding balance	(34,935,000)	
Bond Series 2013 - unamortized premium	134,114	
Bond Series 2014 - outstanding balance	(1,945,000)	
Bond Series 2014 - unamortized premium	(37,341)	
Bond Series 2019 - outstanding balance	(58,170,000)	
Bond Series 2019 - unamortized premium	(3,772,703)	
Bond Series 2021 Taxable FIF - outstanding balance	(19,817,000)	
Bond Series 2021 - outstanding balance	(26,575,000)	
Bond Series 2021 - unamortized premium	(3,802,055)	
Bond Series 2021 A Taxable - outstanding balance	(19,250,000)	
Bond Series 2021 A Taxable - unamortized premium	(554,840)	
Bond Series 2023 - outstanding balance	(44,975,000)	
Bond Series 2023 - unamortized premium	(1,271,618)	
Bond Series 2025- outstanding balance	(16,380,000)	
Bond Series 2025- unamortized premium	(1,259,112)	
Bond Series 2025 Taxable- outstanding balance	(27,880,000)	
Refunding Bond Series 2025 - outstanding balance	(16,420,000)	
Refunding Bond Series 2025 - unamortized premium	(716,972)	
SBITA liability	(341,587)	
Compensated absences	(1,402,101)	
Pension liability	(1,239,265)	
Other post employment benefits	(1,678,902)	(285,400,267)
6. Deferred inflows related to the pension are not reported in the funds.	(318,127)	
Deferred inflows related to the OPEB are not reported in the funds.	(1,252,535)	(1,570,662)
Total net position of governmental activities		$ 325,472,090

The accompanying notes are an integral part of this statement.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Formerly Major Fund 2021 Bond Series Capital Projects Fund	2021 A Taxable Bond Series Capital Projects Fund	2023 Bond Series Capital Projects Fund
REVENUES				
Property taxes	$ 28,705,158	$ -	$ -	$ -
Intergovernmental	-	-	1,496,159	-
Charges for services	254,846	-	-	-
Interest	2,448,662	-	2,364,960	1,712,959
Miscellaneous	134,600	-	-	-
Total revenues	31,543,266	-	3,861,119	1,712,959
EXPENDITURES				
Current:				
General government	7,318,828	-	-	-
Drainage flood control	13,512,431	-	-	-
Debt service:				
Principal	-	-	-	-
SBITA principal	306,066	-	-	-
Interest	28,048	-	-	-
Issuance cost and fiscal charges	-	-	-	-
Advance refunding escrow	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Drainage flood control	9,138,177	-	62,216	25,180,464
SBITA subscriptions	369,131	-	-	-
Total expenditures	30,672,681	-	62,216	25,180,464
Excess (deficiency) of revenues over (under) expenditures	870,585	-	3,798,903	(23,467,505)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	998,942	-
Transfers out	-	-	-	(2,778)
Sale of capital assets	484,019	-	-	-
SBITA obligations	369,131	-	-	-
Bonds issued	-	-	-	-
Note proceeds	-	-	-	-
Premium on bond issued	-	-	-	-
Refunding escrow payment	-	-	-	-
Total other financing sources (uses)	853,150	-	998,942	(2,778)
Net change in fund balances	1,723,735	-	4,797,845	(23,470,283)
Fund balances at beginning of year as previously presented	33,859,267	5,545,121	51,598,808	44,948,127
Change to financial reporting entity classification of fund types	-	(5,545,121)	-	-
Fund balance at beginning of year, as adjusted	33,859,267	-	51,598,808	44,948,127
Fund balances at the end of year	$ 35,583,002	$ -	$ 56,396,653	$ 21,477,844

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

Formerly Major Fund 2021 A Taxable Bond Series Capital Projects Fund	2023 Bond Series Debt Service Fund	2025 Taxable Bond Series Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
$ -	$ 15,159,539	$ -	$ 21,258,315	$ 65,123,012
-	-	-	2,026,367	3,522,526
-	-	-	-	254,846
-	188,830	-	2,020,433	8,735,844
-	-	-	75,518	210,118
-	15,348,369	-	25,380,633	77,846,346
-	-	-	-	7,318,828
-	-	-	933,869	14,446,300
-	13,230,000	-	13,768,000	26,998,000
-	-	-	-	306,066
-	2,755,125	-	6,619,011	9,402,184
-	550	-	740,000	740,550
-	-	-	-	-
-	-	-	-	-
-	-	-	10,072,892	44,453,749
-	-	-	-	369,131
-	15,985,675	-	32,133,772	104,034,808
-	(637,306)	-	(6,753,139)	(26,188,462)
-	700,000	-	1,502,778	3,201,720
-	-	-	(3,198,942)	(3,201,720)
-	-	-	-	484,019
-	-	-	-	369,131
-	-	-	60,680,000	60,680,000
-	-	-	-	-
-	-	-	2,094,446	2,094,446
-	-	-	(17,036,646)	(17,036,646)
-	700,000	-	44,041,636	46,590,950
-	62,694	-	37,288,497	20,402,488
797,857	75,051	-	50,245,090	187,069,321
(797,857)	-	-	6,342,978	-
-	75,051	-	56,588,068	187,069,321
$ -	$ 137,745	$ -	$ 93,876,565	$ 207,471,809

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT A-6**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds		$ 20,402,488
Amounts reported for governmental activities in the statement of activities is different because:		
1 Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	44,453,749	
SBITA	369,131	
Depreciation & Amortization	(7,086,026)	37,736,854
2 Sales and other dispositions of capital assets are reported in the governmental funds as other financing sources. The gain or loss on the sale of capital assets should be reported in the statement of activities. A gain is reported as general revenue and a loss should be included as part of the general government function.		125,510
3 Gain recognized from early termination of SBITA agreement, representing the removal of related subscription assets and liabilities not reported in governmental funds		10,725
4 Governmental funds typically report proceeds they receive in connection with the disposal of capital assets as other financing sources. This amount must be removed and replaced by an adjustment to the appropriate capital asset and the accumulated depreciation account. Any gain or loss should be reported as discussed above.		(484,019)
5 Certain property tax revenues reported in the funds are unavailable in in the statement of activities. This is the change in these amounts this year.		
Related to prior years	(28,640,070)	
Earned but unavailable	29,859,779	1,219,709
6 The change in deferred outflows related to unavailable revenue increases revenues in the Statement of Activities but does not affect current financial resources and therefore is not reported in the governmental funds.		649,019
7 Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis; expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of debt premiums	2,157,750	
Amortization of deferred charge on refunding	(62,754)	
Change in accrued interest on bonds	13,824	
Change in compensated absences	105,896	
Change in deferred outflow of resources - pension	52,559	
Change in deferred inflow of resources - pension	(221,387)	
Net pension liability	437,838	
Change in deferred inflows of resources - OPEB	1,068	
Change in deferred outflows of resources - OPEB	(97,192)	
Other post employment benefits	(16,365)	2,371,237
8 Debt proceeds are reported as financing sources in governmental funds and thus contribute to changes in fund balances. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of position.		
2025 bond series	(16,380,000)	
2025 bond series premium	(1,275,050)	
2025 Taxable bond series	(27,880,000)	
2025 refunding bond	(16,420,000)	
2025 refunding bond premium	(819,396)	
Deferred charges on refunding	111,646	
Bond payments	43,923,000	
SBITA principal payments	306,066	
Elimination of other financing sources due to SBITAs	(369,131)	(18,802,865)
Change in net position of governmental activities - statement of activities		$ 43,228,658

The accompanying notes are an integral part of this statement.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT A-7**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 28,681,700	$ 28,681,700	$ 28,705,158	$ 23,458
Charges for services	217,000	217,000	254,846	37,846
Interest	1,340,000	1,340,000	2,448,662	1,108,662
Miscellaneous	158,000	158,000	134,600	(23,400)
Total revenues	30,396,700	30,396,700	31,543,266	1,146,566
EXPENDITURES				
Current:				
General government	7,647,193	7,670,517	7,318,828	351,689
Drainage flood control	22,299,507	17,506,383	13,512,431	3,993,952
Debt service:				
SBITA principal	-	-	306,066	(306,066)
Interest	-	-	28,048	(28,048)
Capital outlay:				
Drainage flood control	-	9,200,000	9,138,177	61,823
SBITA subscriptions	-	500,000	369,131	130,869
Total expenditures	29,946,700	34,876,900	30,672,681	4,204,219
Excess (deficiency) of revenues over (under) expenditures	450,000	(4,480,200)	870,585	5,350,785
OTHER FINANCING SOURCES (USES)				
SBITA	-	-	369,131	369,131
Transfers out	(600,000)	(600,000)	-	600,000
Sale of capital assets	150,000	150,000	484,019	334,019
Total other financing sources (uses)	(450,000)	(450,000)	853,150	1,303,150
Net change in fund balance	-	(4,930,200)	1,723,735	6,653,935
Fund balance at beginning of year	33,859,267	33,859,267	33,859,267	-
Fund balance at the end of year	$ 33,859,267	$ 28,929,067	$ 35,583,002	$ 6,653,935

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Note A. General Statement and Summary of Significant Accounting Policies

General Statement

Hidalgo County Drainage District No. 1 (the District) was created on April 9, 1908, by order of the Commissioners' Court of Hidalgo County, Texas (the County), pursuant to an election held within the territory affected. Originally organized under provisions of Article III, Section 52 of the Texas Constitution, the District was later converted into a Conservation and Reclamation district under the provisions of Article XVI, Section 59 of the Texas Constitution, and has continued to exercise all of the powers and functions of such a district. The District operates under Chapter 56 of the Texas Water Code.

Summary of Significant Accounting Policies

The accounting and reporting policies of the District, as reflected in the accompanying financial statements, conform to generally accepted accounting principles (GAAP) 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 establishing governmental accounting and financial reporting principles.

During 2025, the District implemented applicable GASB standards:

Statement No. 102, Certain Risk Disclosure. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB 102 had no material impact to the financial statements.

New Reporting Standards

Statement No. 103, Financial Reporting Model Improvements. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for fiscal years beginning after June 15, 2025.

Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The implementation of GASB 104 are effective for fiscal years beginning after June 15, 2025.

The impact of these statements on the District's financial statements has not been determined yet. The District will evaluate these new pronouncements and will implement them as applicable by their effective date.

1. Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB No. 61, provides guidance for determining which governmental organizations should be included within the reporting entity. GASB Statement No. 61 sets forth financial accountability as the basic criterion for inclusion of a governmental unit in a governmental reporting entity. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose its will

Note A. General Statement and Summary of Significant Accounting Policies – Continued

1. Reporting Entity - Continued

by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The District is a discretely presented component unit of County of Hidalgo, Texas. The District is a legal separate entity that is governed by the five members of the County's Commissioners Court of Hidalgo County, Texas. The County does not have operational responsibility for activities, and it's not obligated in any manner for the District's debt.

On June 22, 1976, the District and the Willacy County Drainage District No. 1 entered into an agreement for the use of an outfall drainage ditch to be constructed, owned, and operated by the District in Willacy County. An advisory committee composed of two members for each district determined the type of maintenance needed and to be performed. The District has no oversight responsibility over Willacy County Drainage District No. 1; therefore, the financial activity for Willacy County Drainage District No. 1 is not included in this report.

2. Basis of Presentation

Government-Wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. The purpose of these statements is to present the financial position and the operating results of the District as a whole. The District's activities are categorized as "governmental activities" because it is financed primarily through property taxes, intergovernmental revenues, and other transactions. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Net Position focuses on the net position of the District, where the net position equals the assets and deferred outflows less the liabilities and deferred inflows of resources.

The Statement of Activities presents a comparison between direct expenses and program revenues of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges for services and (b) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

Governmental Fund Financial Statements provide information about the District's governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, and revenues, expenditures, and other financing sources (uses) as appropriate.

The District reports the following major governmental funds:

General Fund - This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Note A. General Statement and Summary of Significant Accounting Policies – Continued

2. Basis of Presentation - Continued

2021 A Taxable Bond Series Capital Projects Fund - The bonds were issued to pay (1) construction of and equipment for drainage improvement projects, (2) acquisitions of rights of way, and (3) costs of issuance of the bonds.

2023 Bond Series Capital Projects Fund - The bonds were issued to pay (1) construction of and equipment for drainage improvement projects, (2) acquisitions of rights of way, and (3) costs of issuance of the bonds.

2023 Bond Series Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, bonds long-term debt principal, interest, and related costs.

2025 Taxable Bond Series Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, bonds long-term debt principal, interest, and related costs.

Additionally, the District reports the following fund types:

Special revenue funds account for specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers collections within 60 days of the end of the current fiscal period to be revenues. Expenditures generally are recorded when a liability is incurred, similar to accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Unearned revenue arises when potential revenues do not meet both the measurable and available test for recognition in the current period and when resources are received by the District before the District is legally entitled to them. In succeeding periods when both revenue recognition criteria are met or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Note A. General Statement and Summary of Significant Accounting Policies – Continued

3. Use of Estimates

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

4. Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the District and external investment pools. Investments are stated at fair market value. It is the District's intent to hold all investments to maturity.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Receivables and Payables

All trade and property taxes receivable are shown net of an allowance for uncollectible accounts. Property taxes are levied October 1st and become delinquent on February 1st, at which time penalties and interest are assessed.

Activities between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as "due to/from other funds."

7. Capital Assets

Capital assets, which include land and easements, buildings and renovations, machinery and equipment, construction in progress, infrastructure, and right to use subscription assets are reported in government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. When no historical records are available, capital assets are valued at estimated acquisition value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets of the District are depreciated using the straight-line method over their estimated useful lives. Standard capitalization thresholds have been established for each major class of assets.

Note A. General Statement and Summary of Significant Accounting Policies – Continued

7. Capital Assets - Continued

The following lists the thresholds and useful lives by class:

Asset Class	Capitalization Threshold	Useful Lives in Months
Land/land improvement	Capitalize all	N/A
Easements	Capitalize all	N/A
Infrastructure	$100,000	420
Buildings and renovations	$50,000	480
Machinery and equipment	$1,000	15-180
SBITA	$10,000	24-60

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses / expenditures) until then. The District has three items that qualify for reporting in this category. A deferred charge on refunding bonds results from the difference between the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also has a deferred outflow of resources related to pension expense that results from the differences between expected and actual experience, changes in assumptions, and contributions made subsequent to the measurement date. The third are outflows of resources related to Other Post-Employment Benefits for the differences between the expected and actual experience, changes of assumptions or other inputs, and differences in actual benefits and proportionate share of benefits. For the year ended December 31, 2025, the District had deferred outflows of resources for refunding bond, pension, and OPEB in the amount of $195,288, and $2,105,754, and $745,072, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, *unavailable revenue,* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred inflow of resources related to pensions for the difference between the expected and actual experience on the plan and net difference between projected and actual earned is reported on the statement of net position. A deferred inflow related to OPEB is for the changes of assumptions and other inputs is also reported on the Statement of Net Position. At December 31, 2025, the District's deferred inflow of resources related to pension, OPEB, and property taxes in the amount of $318,127, $1,252,535, and $45,312,933, respectively.

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net Position is classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position.

Note A. General Statement and Summary of Significant Accounting Policies – Continued

9. Net Position and Fund Balances

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the prepaid items have been properly classified as non-spendable in the Governmental Funds Balance Sheet.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state, or federal laws, or externally imposed conditions by grantors or creditors. The District reports restricted fund balances for amounts restricted for special revenue, debt service, and capital projects.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. At December 31, 2025, the District did not have committed funds.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official body to which the Board of Directors delegates the authority. These funds represent amounts the District intends to use for the Raymondville Drain, Hidalgo County Urban County GLO 2015 and 2016 projects as well as the Region 15 Flood Planning Group. Additionally,$7,823,421 in the General Fund was assigned for the accumulation from the reduction of expenditures received from the Restore Grant for use of machinery and equipment and these funds will be used for equipment replacement and minor capital improvements.

Unassigned fund balance – amounts that are available for any purpose.

For purposes of fund balance classifications, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance, and lastly, the unassigned fund balance.

In the government-wide financial statements, restricted net position is reported for amounts that are externally restricted by 1) Creditors (e.g., bond covenants), grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provision or enabling legislation.

10. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in governmental funds.

Although appropriations lapse at year-end for annually budgeted funds, the District honors encumbrances outstanding at year-end. Outstanding encumbrances do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year. The District has active construction projects as of December 31, 2025. At year-end, the District's remaining commitments totaled $27,174,505; therefore, this amount is encumbered. Encumbrances for the general fund,

Note A. General Statement and Summary of Significant Accounting Policies – Continued

10. Encumbrance Accounting - Continued

2021 A Taxable Bond series capital projects fund, and 2023 Bond series capital projects fund totaled $1,526,814, $557,412, and 11,806,555 respectively. Encumbrances for non-major funds totaled $13,289,624.

11. Budgets

The District's budget is adopted after public hearings have been held. All revisions must be approved by the Board of Directors of the District. The District can't overspend the budget.

Formal budgetary integration is utilized as a management control device during the year for the General and Debt Service Funds. Budgets for the General and Debt Service Funds are adopted on a basis consistent with GAAP. Appropriations for annually budgeted funds lapse at year-end. Appropriations at year-end for grant-funded special revenue funds and capital project funds are carried forward to subsequent years until the grant has terminated or the project is completed.

The appropriated budget is prepared by fund, function, budget, and object codes. Transfers of appropriations between budgets require the approval of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriations) is at the function level for the general fund, special revenue funds, debt service funds, and capital projects funds.

12. Compensated Absences

The District's policy permits employees to accumulate earned, but unused vacation benefits, which are eligible for payment upon separation from employment. The liability for such leave is reported as incurred in the government-wide fund financial statements. A liability for those amounts is recorded in the governmental funds only if liability has matured when employee resigns or retires. The liability for compensated absences includes salary-related benefits, where applicable.

Number of Years of Service	Vacation Leave Hours Earned Per Year
0 to 5 years	96
5 to 10 years	108
Over 10 years	120

Vacation leave may be accumulated up to a maximum of 160 hours (20 days) for employees with less than 10 years of continuous service. Employees with more than 10 years but less than 15 years of continuous service may accumulate 240 hours (30 days). Employees with more than 15 years may maintain an accrued leave of 320 hours (40 days). Employees lose, without pay, unused vacation leave which exceed set limits. Regular part-time employees accumulate vacation leave of 48 hours regardless of years of service. As of December 31, 2025, the District's liability for vested vacation leave totaled $1,402,101. Vested vacation benefits are expected to be liquidated with expendable and available financial resources and are reported as an expense and a long-term liability in the government-wide statement of net position. The District estimates $173,337 of the total compensated absences balance will be due within one year.

Note A. General Statement and Summary of Significant Accounting Policies – Continued

12. Compensated Absences – Continued

Each regular full-time employee earns sick leave at the rate of 12 working days per year and may accumulate a maximum sick leave balance of 45 working days. Permanent part-time employees earn 6 days per year and may accumulate a maximum of 45 working days. Outstanding sick leave balances are cancelled, without recompense, upon termination, resignation, retirement, or death. In accordance with the provisions of GASB Statement No. 101, "Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Compensatory Time is a paid time off an employee receives instead of overtime pay for extra hours worked and can accumulate a maximum of 240 hours. This leave is paid out if employee separates from employment.

The accrued amount for the current year is as follows:

Vacation leave	$	679,030
Compensatory time		83,597
Holiday leave		2,704
Sick Leave		636,770
Total	$	1,402,101

13. Rounding Adjustments

Throughout this report, dollar amounts are rounded, thereby creating differences between the detail and the totals.

Note B. Deposits and Investments

The District's Depository Agreement requires its designated financial institution to secure by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance, deposits and accrued interest thereon by 105%. At December 31, 2025, the carrying amount of the District's deposits totaled $10,460,938 and was entirely covered by federal deposit insurance or secured by collateral held by the pledging financial institutions agent in the District's name pursuant to the Depository Agreement.

Investments of the District are pooled for investment purposes in each of the District's fund types. Earnings on pooled investments are allocated to the funds having equity in the pool on the basis of their relative contribution to the pool.

At December 31, 2025, the District had investments in Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) local government pool. Texas Class investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. Texas Class is organized under the authority of the Interlocal Cooperation Act, Chapter 2256, of the Texas Government Code.

Texas Class was created in 1996 and is governed by a board of trustees to provide for joint investments of participant's public funds. Texas Class policy seeks to invest pooled assets in order to preserve principal, maintain the liquidity of the funds, and to maximize yield. Public Trust Advisors, LLC is the program administrator and Wells Fargo Bank Texas, N.A. is custodian. The Texas Range Investment Program ("Texas Range") was created by and for Texas Local governments. The Program provides

Note B. Deposits and Investments - Continued

investment options tailored to the needs of Texas cities, counties, school districts and other public investors. The TX-FIT Government Pool provides Texas' public entities a conservatively managed, Public Fund Investment Act compliant investment option with no corporate exposure. The TX-FIT Government Pool seeks preservation of principal, a competitive yield and a stable NAV, while also providing same day liquidity to its participants.

The District had investments in Texas Class, Texas Fit and Texas Range. On December 31, 2025, the District had cash and cash equivalents which totaled $252,852,079. The District had no items classified as investments for 2025.

Note C. Taxes Receivable

A summary of the taxes receivable by fund is as follows at December 31, 2025:

	General Fund	Debt Service Funds	Total
Taxes receivable - current	$ 18,204,372	$ 23,095,646	$ 41,300,018
Taxes receivable - delinquent	3,495,192	3,484,470	6,979,662
Allowance for uncollectibles	(1,417,746)	(1,549,001)	(2,966,747)
Taxes receivable, net of allowance for uncollectibles	$ 20,281,818	$ 25,031,115	$ 45,312,933

Property taxes attach as an enforceable lien on property as of January 1. The taxes are levied on or about October 1, based on the assessed value listed as of the date the enforceable lien attaches. Appraised values are established by the Hidalgo County Appraisal District, assessed at 100% of appraised value, and certified by the Appraisal Review Board. The County Tax Assessor-Collector (CTAC) bills and collects taxes for the District. The District paid CTAC $637,246 in fees during 2025. Taxes are due from October 1 of the year in which levied until January 31 of the following year without interest or penalty. No discounts are offered.

On February 1, these taxes become delinquent, at which time penalty and interest charges are applicable. Collections on the levy for October 1, 2025, as well as the balances due on all taxes receivable related thereto, are reflected as deferred inflows of resources because they are not available to finance 2025 operations.

The 2024 tax levy, for the 2025 year, totaled $64,147,360 based on a total taxable value of $57,121,424,844 and a tax rate of 0.1123.

Note D. Interfund Receivables and Transfers

Balances of due to/from other funds consisted of the following at December 31, 2025:

Due to General Fund from Non-Major Special Revenue Funds	$	1,673
Due to General Fund from Non-Major Special Revenue Funds		42,457
Due to General Fund from Non-Major Special Revenue Funds		21,270
Due to General Fund from Non-Major Special Revenue Funds		32,936
Due to General Fund from 2023 Bond Series Capital Projects Fund		216,120
Due to General Fund from Non-Major Special Revenue Funds		300,000
Due to Non-Major Special Revenue Fund from Non-Major Special Revenue Fund		311,684
Due to Non-Major Special Revenue Fund from General Fund		58,494
Due to Non-Major Special Revenue Fund from 2023 Bond Series Capital Project Fund		176,123
Due to 2023 Bond Series Debt Service Fund from General Fund		1,405,394
Due to 2025 Taxable Bond Series Debt Service Fund		6,094,661
Due to 2021 A Taxable Bond from Non-Major Capital Project Fund		998,942
Due to 2021 A Capital Projects Fund from General Fund		733
Due to 2023 Bond Series Capital Project Fund from Non-Major Special Revenue Fund		143,986
Due to Non-Major Capital Projects Fund from General Fund		4
Due to Non-Major Capital Project Fund from Non-Major Capital Project Fund		16,263
Due to Non-Major Capital Project Fund from 2023 Bond Series Capital Project Fund		2,100,000
Due to Non-Major Debt Service Fund from 2023 Bond Series Debt Service Fund		1,300,000
Due to Non-Major Debt Service Fund from Non-Major Debt Service Fund		86,000
Due to Non-Major Debt Service Funds from General Fund		9,334,531
Total due to/from other funds	$	22,641,271

These balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided, or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires (2) move funds restricted to debt service for debt service payments, and (3) use unrestricted revenues collected in the general fund to finance various projects accounted for in other funds in accordance with budgetary authorizations. Inter-fund transfers consisted of the following for the year ended December 31, 2025:

	Transfers Out:			
Transfers In:	2021Taxable Bond Series Capital Projects Fund	2023 Bond Series Debt Service Fund	Non major Capital Projects Fund	Total
Non-major Special Revenue Fund	$ -	$ -	$ 2,778	$ 2,778
Non-major Capital Projects Fund	998,942	-	-	998,942
Non-major Debt Service Funds	-	700,000	1,500,000	2,200,000
Total Inter-fund transfers	$ 998,942	$ 700,000	$ 1,502,778	$ 3,201,720

Note E. Due From Other Governments

Due from other governments consisted of the following at December 31, 2025:

Fund	Due From	Purpose	Amount
General Fund	County of Hidalgo	American Rescue Plan Act	$ 2,129
General Fund	City of Alton	Inter-local agreement project	135,852
General Fund	City of Weslaco	Inter-local agreement project	649,019
General Fund	Willacy County Drainage District No. 1	Inter-local agreement project	13,186
General Fund	Hidalgo County Tax Office	Collection of taxes	4,221,186
DHS Levee Grant	Department of Homeland Security	Pending Invoice	28,971
Raymondville Drain Restore Act Grant	Quality	Raymondville Drain Restoration	387,606
Region 15 Planning Group Grant	Texas Water Development Board	Region 15 Planning Group	412,282
TWDB FIF Willacy County Grant	Willacy County Drainage District No. 1	Willacy County Irrigation #1	4,500
Capital Projects Fund	Texas Water Development Board	Hidalgo County RMA	409,026
2021 A Taxable Bond Capital Projects	Hidalgo County Precinct 3, City of Alton, & City of McAllen	Inter-local agreement project	1,496,159
2014 Refunding Bonds	Hidalgo County Treasurer's	Reimbursement for US Bank Overpayment from HCDD	500
2016 Refunding Bonds	Hidalgo County Treasurer's	Reimbursement for US Bank Overpayment from HCDD	500
2023 Bond Series Capital Projects	2023 Bond Series Capital Project Fund	Raymondville Drain - Cactus Lane Project	435,177
	Total due from other governments		$ 8,196,093

Note F. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capitals assets not being depreciated:				
Land and easements	$ 51,318,163	$ 4,170,600	$ -	$ 55,488,763
Construction in progress	142,524,613	31,900,267	(34,926,532)	139,498,348
Total capital assets not being depreciated	193,842,776	36,070,867	(34,926,532)	- 194,987,111
Capitals assets being depreciated:				
Property plant & equipment:				
Infrastructure	187,532,066	-	34,753,834	222,285,900
Building and renovations	3,648,244	45,312	-	3,693,556
Machinery and equipment	34,169,589	8,337,570	(3,089,079)	39,418,080
SBITA's	726,301	369,131	(177,528)	917,904
Total capital assets being depreciated	226,076,200	8,752,013	31,487,227	- 266,315,440
Less accumulated depreciation for:				
Infrastructure	(67,171,847)	(3,897,237)	-	(71,069,084)
Building and renovations	(1,058,464)	(101,495)	-	(1,159,959)
Machinery and equipment	(17,131,210)	(2,815,897)	2,730,570	(17,216,537)
Total accumulated depreciation	(85,361,521)	(6,814,629)	2,730,570	(89,445,580)
Less accumulated amortization for:				
SBITA	(237,684)	(271,397)	68,408	(440,673)
Total accumulated amortization	(237,684)	(271,397)	68,408	(440,673)
Total accumulated depreciation and amortization	(85,599,205)	(7,086,026)	2,798,978	(89,886,253)
Total capital assets being depreciated and amortized, net	140,476,995	1,665,987	34,286,205	176,429,187
Governmental activities capital assets, net	$ 334,319,771	$ 37,736,854	$ (640,327)	$ 371,416,298

Depreciation expense totaling $6,814,629 was charged to the drainage flood control function under governmental activities for the year ended December 31, 2025. Accumulated amortization totaling $271,397 was charged to the general government under governmental activities for the year ended December 31, 2025.

Note G. Long-Term Liabilities

The District issues unlimited tax improvement bonds to provide for the resources for construction of capital assets. The beginning balances of the unlimited tax improvement bonds issued in prior years 2013, 2014, 2016, 2019, 2021, 2021A, 2021 FIF and 2023 were $37,395,000, $5,850,000, $19,180,000, $61,050,000, $27,345,000, $19,985,000, $20,580,000, and $58,205,000 respectively. The unlimited improvement bonds are direct obligations of the District, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the District in an amount sufficient to provide payment of principal and interest.

On October 16, 2025, the District issued $27,880,000 in Unlimited Tax Improvement Bonds, Taxable Series 2025, and $16,380,000 in Unlimited Tax Improvement Bonds, Series 2025. These issuances are part of the $195,000,000 bond authorization approved by voters in the May 6, 2023 election.

The Unlimited Tax Improvement Bond Series 2013, and 2019, respectively, have a call option for bonds maturing on or after September 1, 2024, and September 1, 2028 prior to stated maturity, in multiples of $5,000, in whole or in part, on September 1, 2023, and September 1, 2027 or any date thereafter, at par plus accrued interest. The 2021 Unlimited Tax Improvement Bonds, Taxable Series 2021 has a stated maturity of September 1, 2051 with the bonds being redeemed at any date at the option of the District. The Unlimited Tax Improvement Bonds, Series 2021 and the Unlimited Tax Improvement Bonds, Taxable Series 2021A have stated maturities on and after September 1, 2032, in multiples of $5,000 on September 1, 2031 or any date thereafter, at par value thereof plus accrued interest to the date fixed for redemption. The Unlimited Tax Improvement Bonds, Series 2023 have stated maturities on and after September 1,2034, in multiples of $5,000 on September 1, 2033 or any date thereafter, at par value thereof plus accrued interest to the date fixed for redemption. The Unlimited Tax Improvement Bonds, Taxable Series 2025 and Unlimited Tax Refunding Bonds, Series 2025 are not subject to optional redemption. Unlimited Tax Improvement Bonds, Series 2025 have stated maturities on and after September 1, 2035 in multiples of $5,000 on September 1, 2034 or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

1. Advance Refunding and Defeasances

The following refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position.

On December 1, 2014, the District issued Unlimited Tax Refunding Bonds Series 2014 in the amount of $7,810,000 to advance refund a portion of Unlimited Tax Improvement Bonds, Series 2007. Bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt resulting in an economic gain of $634,376, which will be amortized over the term of the bonds. Deferred charges on refunding at December 31, 2025 totaled $97,598.

On October 16,2025, the District issued $16,420,000 in Unlimited Tax Refunding Bonds, Series 2025. The proceeds from the refunding bonds will be used to refund outstanding obligations of the District, including a portion of the Unlimited Tax Refunding Bonds, Series 2014, and the remaining outstanding balance of the Unlimited Tax Refunding Bonds, Series 2016. Bond proceeds were deposited in an irrevocable trust with an escrow agent for all future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt resulting in an economic gain of $595,142. Deferred charges on refunding at December 31, 2025 totaled $97,690.

Note G. Long-Term Liabilities - Continued

2. Prior Year Defeasance of Debt

In prior years, the District defeased unlimited tax improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

At December 31, 2025, the following defeased bonds remain outstanding:

Description	Refunded Bonds	Maturity	Amount Outstanding
Unlimited Tax Improvement Bonds, Series 2008	$ 46,555,000	2019-2028	$ 16,270,000
Unlimited Tax Improvement Bonds, Series 2013	6,095,000	2025-2028	4,320,000
Unlimited Tax Refunded Bonds, Series 2014	2,025,000	2027	2,025,000
Unlimited Tax Refunded Bonds, Series 2016	14,900,000	2026-2028	14,900,000
	$ 69,575,000		$ 37,515,000

3. Arbitrage

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Hidalgo County Drainage District No. 1 did not make any arbitrage payments for the year ending December 31, 2025.

Note G. Long-Term Liabilities - Continued

4. Debt Service Requirements

Annual debt service requirements to maturity for unlimited improvement tax bonds are as follows:

Year(s) Ending December 31,	Governmental Activities Principal	Governmental Activities Interest	Total
2026	$ 30,553,000	$ 9,673,159	$ 40,226,159
2027	31,518,000	8,783,361	40,301,361
2028	17,033,000	7,490,079	24,523,079
2029	12,548,000	6,780,024	19,328,024
2030	13,017,000	6,306,566	19,323,566
2031-2035	61,465,000	23,930,471	85,395,471
2036-2040	49,460,000	13,466,359	62,926,359
2041-2045	34,475,000	6,081,532	40,556,532
2046-2050	15,515,000	889,891	16,404,891
2051	763,000	-	763,000
Total	$ 266,347,000	$ 83,401,442	$ 349,748,442

5. Other Debt

Subscription Based Information Technology Arrangements are as follows:

As of December 31, 2025, Hidalgo County Drainage District #1 had 11 active subscriptions. The subscriptions have payments that range from $591 to $126,326 and interest rates that range from 0.5200% to 3.6310%. As of December 31, 2025, the total combined value of the subscription liability is $341,587, and the total combined value of the short-term subscription liability is $236,668. The combined value of the right to use asset, as of December 31, 2025 of $917,904 with accumulated amortization of $440,673 is included within the Subscription Class activities table found below. The subscriptions had $0 of Variable Payments and $0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities Principal Payments	Governmental Activities Interest Payments	Governmental Activities Total Payments
2025	$ 341,587	$ 9,888	$ 351,475
2026	103,134	9,138	112,272
2027	11,163	2,765	13,928
2028	-	295	295
Total	$ 455,884	$ 22,086	$ 477,970

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end Subscription Asset Value	As of Fiscal Year-end Accumulated Amortization
Software	$ 917,904	$ 440,673
Total Subscriptions	$ 917,904	$ 440,673

Note G. Long-Term Liabilities – Continued

5. Debt Service Requirements

The following is a summary of changes in long-term liabilities for the year ended December 31, 2025:

	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Amounts Due Within One Year
Governmental activities:					
Bonds					
Bond Series 2013	$ 37,395,000	$ -	$ (2,460,000)	$ 34,935,000	$ 2,600,000
Bond Series 2014	5,850,000	-	(3,905,000)	1,945,000	1,945,000
Bond Series 2016	19,180,000	-	(19,180,000)	-	-
Bond Series 2019	61,050,000	-	(2,880,000)	58,170,000	3,020,000
Bond Series 2021	27,345,000	-	(770,000)	26,575,000	810,000
Bond Series Taxable 2021A	19,985,000	-	(735,000)	19,250,000	745,000
Bond Series Taxable 2021 FIF	20,580,000	-	(763,000)	19,817,000	763,000
Bond Series 2023	58,205,000	-	(13,230,000)	44,975,000	1,105,000
Bond Series 2025		16,380,000	-	16,380,000	1,445,000
Bond Series Taxable 2025		27,880,000	-	27,880,000	13,735,000
Bond Series Refunded 2025		16,420,000	-	16,420,000	4,385,000
	249,590,000	60,680,000	(43,923,000)	266,347,000	30,553,000
Add					
Bond Premiums	11,343,682	2,094,446	(2,157,601)	11,280,527	1,420,235
Total debt payable	260,933,682	62,774,446	(46,080,601)	277,627,527	31,973,235
Other liabilities:					
Compensated Absences	1,507,997	1,442,356	(1,548,252)	1,402,101	173,337
SBITA	398,368	369,131	(425,912)	341,587	236,668
Pension	1,677,103	-	(437,838)	1,239,265	-
OPEB	1,662,537	16,365	-	1,678,902	-
Total other liabilities	5,246,005	1,827,852	(2,412,002)	4,661,855	410,005
Governmental activities long-term liabilities	$ 266,179,687	$ 64,602,298	$ (48,492,603)	$ 282,289,382	$ 32,383,240

Matured compensated absences are paid out each year when an employee resigns, retires, or is terminated with expendable available resources from the General Fund.

Note H. Other Post-Employment Benefits (OPEB)

1. Plan Description and Benefits Provided

The District provides healthcare for its employees, retirees, and eligible dependents. Two plans are maintained: The Basic Preferred Provider Organization (PPO) and the Buy Up PPO Plan. Healthcare benefits include medical and prescription drug coverage. The plan is a single-employer, self-funded benefit plan administered by a third-party administrator and the District purchases stop loss insurance for claims that exceed a determined threshold. Retirees are eligible to continue their medical insurance coverage.

Note H. Other Post-Employment Benefits (OPEB) – Continued

1. Plan Description and Benefits Provided - Continued

The District does not have a formal post-employment benefits plan; however, the District allows retired employees to participate in the County's Health Benefits Program by purchasing health care benefits at the same group rate as provided to current active employees at the time they end their service to the District. Members may retire upon attaining one of the following: (1) age 60 and above with 10 or more years of service, (2) 20 years of service regardless of age, or (3) when the sum of their age and years of service equals 80 or more. Spouses and dependents are eligible to continue insurance under COBRA for 36 months after the retiree dies. If a dependent is not yet 26 years of age at the time of the members' death, the same rule applies. Once the dependent attains the age of 26, Aetna will terminate coverage automatically.

A cost sharing premium is a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. A retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit rate subsidy." GASB Statement No. 75, *Accounting and Financial Reporting by Employer for Postemployment Benefits other than Pensions,* is applicable to the District due to the implicit rate subsidy. This "plan" is not a standalone plan and therefore, does not issue its own financial statements.

Membership in the plan as of the measurement date of December 31, 2025 was as follows:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	192
	192

2. Funding Policy

The District collects insurance premiums from the participating retirees each month and deposits them in the County's Group Insurance Fund. The District then pays the health insurance premiums for the retirees at the blended rate to the County's self-funded Health Benefits Program. The required contribution to the program includes the employer's pay-as-you-go amount and the amount paid by retirees. The District has elected not to prefund the actuarially determined future cost but will accrue the liability as of December 31, 2025 to reflect proper treatment and will disclose the Health Care Benefits for Retired Employees in accordance with GASB No. 75.

Monthly medical contributions required by the retiree for medical and prescriptions are as follows:

	Basic PPO Plan	
	Under 65	65 & Over
Retiree only	$ 670	$ 340
Retiree + spouse	1,160	828
Retiree + child(ren)	810	480
Retiree + family	1,300	968
Surviving spouse	670	340

Note H. Other Post-Employment Benefits (OPEB) – Continued

2. Funding Policy - Continued

Buy Up PPO Plan		
	Under 65	65 & Over
Retiree only	$ 770	$ 440
Retiree + spouse	1,505	1,175
Retiree + child(ren)	1,015	685
Retiree + family	1,715	1,385
Surviving spouse	770	440

3. Actuarial Assumptions

The District's total OPEB liability of $1,678,902 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial assumptions – The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions:

Salary increases:	2.00%
Inflation:	2.00%
Discount Rate:	4.83%
Prior Year Discount Rate:	4.08%

Mortality: Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.
Mortality rates for retirees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

The discount rate was based on the 12/31/2025 Bond Buyer General Obligation 20 Municipal Bond Index.

4. Changes in Total OPEB Liability

Balance as of December 31, 2024	$ 1,662,537
Changes for the year:	
Service cost	93,595
Interest on total OPEB liability	74,128
Differences between expected and actual experience	8,403
Changes in assumptions or other inputs	(208,218)
Changes in proportionate share	-
Differences in actual benefits and prop. share of benefits	48,457
Net changes	16,365
Balance as of December 31, 2025	$ 1,678,902

Note H. Other Post-Employment Benefits (OPEB) – Continued

5. Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, calculated using the discount rate of 4.83%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.83%) or one percentage point higher (5.83%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.83%	4.83%	5.83%
Total OPEB liability	$ 2,044,724	$ 1,678,902	$ 1,396,673

Sensitivity of the total OPEB liability to changes in the current healthcare cost trend rate – The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rates, as well as District's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,360,567	$ 1,678,902	$ 2,100,956

6. OPEB Expense/(Income) and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the District recognized OPEB expense of $93,595. At December 31, 2025 deferred outflows and inflows of resources related to OPEB were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 216,741	$ (167,638)
Changes of assumptions/inputs	146,200	(853,347)
Changes in proportionate share	373,584	(155,022)
Differences in actual benefits vs. proportionate share of benefits	8,547	(76,528)
	$ 745,072	$ (1,252,535)

Note H. Other Post-Employment Benefits (OPEB) – Continued

6. OPEB Expense/(Income) and Deferred Outflows/Inflows of Resources Related to OPEB

Amounts reported and deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year ended December 31 ,	
2026	$ (55,225)
2027	(124,061)
2028	(124,061)
2029	(124,061)
2030	(45,392)
Thereafter	(34,668)
	$ (507,468)

Note I. Employee Retirement Benefits

1. Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nearly 850 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034 and online at www.tcdrs.org.

The plan provisions are adopted by the governing body of the District within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 10 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of services equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer financed benefit. Members who withdraw their personal contributions in a lump sum before retirement eligibility are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The employees covered by the plan at December 31, 2025 are as follows:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	88
Active employees	192
	367

Note I. Employee Retirement Benefits – Continued

2. Funding Policy

The District has elected the annually determined contribution rate (ADCR) plan provision of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. Contributions were made using the actuarially determined rate of 15.13% for calendar year 2025. The contribution rate payable by the employee member is 7.00% as adopted by the governing body of the District. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

3. Net Pension Liability

Governmental Accounting Standards Board issued GASB Statement No. 68 for public pension plans and participating employers which address specifics of reporting public pension plan obligations for employers. Net pension Liability (NPL) for the District was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement; which can be found in the required supplemental data as a note to the respective employer contribution schedules.

Mortality assumptions are as follows:

Updated mortality assumptions were adopted in 2020.

Depositing members:
135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, projected with 100% of the MP-2021 Ultimate Scale after 2010.

Service retirees, beneficiaries, and non-depositing members:
135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees:
160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

Note I. Employee Retirement Benefits – Continued

3. Net Pension Liability – Continued

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term horizon; TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting.

The target asset allocation and geometric real rates of return are shown below:

Asset Class	Benchmark	Target Allocation [1]	Geometrical Rate of Return [2]
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index [3]	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index [4]	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Indez[5]	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

[1] *Target asset allocation adopted at the March 2025 TCDRS Board meeting.*

[2] *Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.*

[3] *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*

[4] *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*

[5] *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

The discount rate used to measure the total pension asset was 7.60% at December 31, 2024. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Note I. Employee Retirement Benefits – Continued

3. Net Pension Liability – Continued

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied. In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability shall be amortized as a level percent of pay over 20-year closed layered periods.

2.Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4. Any increased cost due to the adoption of COLA is required funded over a period of 15 years, if applicable.

Note I. Employee Retirement Benefits – Continued

3. Net Pension Liability – Continued

Changes in Net Pension Liability/(Asset) were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2024	$ 29,503,985	$ 27,826,881	$ 1,677,103
Changes for the year			
Service Cost	1,531,756	-	1,531,756
Interest on total pension liability (1)	2,306,166	-	2,306,166
Effect of plan changes (2)	312,969	-	312,969
Effect of economic/demographic gains or losses	292,117	-	292,117
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(136,523)	(136,523)	-
Benefit payments	(1,272,183)	(1,272,183)	-
Administrative expenses	-	(17,038)	17,038
Member contributions	-	660,064	(660,064)
Net investment income	-	2,849,157	(2,849,157)
Employer contributions	-	1,347,465	(1,347,465)
Other (3)	-	41,198	(41,198)
Balances as of December 31, 2025	$ 32,538,287	$ 31,299,021	$ 1,239,265

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) No plan changes valued.
(3) Relates to allocation of system-wide items.

**The District's TCDRS actuarial report with a measurement date of December 31, 2024, to be used for audit periods ending January 1, 2025 to December 31, 2025, shows a net pension liability of $1,239,265.

The following represents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 36,907,322	$ 32,538,287	$ 28,874,189
Fiduciary net position	31,299,022	31,299,022	31,299,022
Net pension liability/ (asset)	$ 5,608,300	$ 1,239,265	$ (2,424,833)

Note I. Employee Retirement Benefits – Continued

3. Net Pension Liability – Continued

Pension expense/ (income)	January 1, 2024 to December 31, 2024
Service cost	$ 1,531,756
Interest on total pension liability (1)	2,306,166
Effect of plan changes	312,969
Administrative expenses	17,038
Member contributions	(660,064)
Expected investment return net of investment expenses	(2,138,083)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	89,954
Recognition of assumption changes or inputs	203,025
Recognition of investment gains or losses	(287,926)
Other (2)	(41,198)
Pension expense/ (income)	$ 1,333,637

(1) Reflects the change in liability due to the time value of money. TCDRS does not charge fees or interest.
(2) Related to allocation of system-wide system.

As of December 31, 2024, the deferred inflows and outflows of resources were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 58,413	$ 309,614
Changes of assumptions	-	203,025
Net difference between projected and actual earnings	259,714	-
Contributions made subsequent to measurement date	-	1,593,115
	$ 318,127	$ 2,105,754

The $1,602,646 reported as deferred outflows of resources related to pension resulted from contributions made subsequent to the measurement date and will be recognized as a deduction of the net position liability in the year ended December 31, 2026. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31 ,	
2025	$ 59,528
2026	459,773
2027	(241,000)
2028	(83,789)
2029	-
	$ 194,512

Note J. Deferred Inflows/Outflows of Resources and Unearned Revenues

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue reported in the governmental funds were as follows:

	Deferred inflows			
	Unavailable Revenue-Property Taxes	Deferred Revenue-Property Taxes	Unavailable Revenue-Interlocal	Unearned Revenue
General Fund	$ 13,161,701	$ 20,281,818	$ 649,019	$ -
Debt Service Funds	16,698,078	25,031,115	-	-
Non-major Governmental Funds	-	-	-	9,870,676
	$ 29,859,779	$ 45,312,933	$ 649,019	$ 9,870,676

Note K. Risk Management

The District participates in the Texas Municipal League Intergovernmental Risk Pool (the Pool) for coverage in the following areas: general liability, errors and omissions, auto physical damage, auto liability, real and personal property, and workers compensation. Limits on insurance coverage are as provided in Texas State Statutes Civil Practices and Remedies Code Chapter 101.023. The District paid premiums totaling $626,132 in 2025.

Annual aggregate limits and deductibles are as follows at December 31, 2025:

	Deductible	Annual Aggregate Limits
General liability	$ 5,000	$ 5,000,000
Errors and omissions liability	$ 25,000	$ 2,000,000
Auto physical damage	$ 1,000	N/A
Auto liability	$ 1,000	N/A
Real and personal property	$ 10,000	N/A
Workers compensation	N/A	Fully Funded

The District participates in the Hidalgo County Health Insurance Fund (Fund) and makes payments to the Fund based on the number of participants. The Fund provides coverage for up to a maximum of $150,000 per individual per year. Claims in excess of $150,000 and up to $1,000,000 per individual per occurrence are covered by commercial insurance purchased by the Fund. The Fund's health insurance provider is Aetna. Payments to the fund totaled $2,090,410 in 2025.

Note L. Litigation

The District is currently involved in potential claims and litigation involving civil and contractual matters. In the opinion of District management, the potential claims against the District not covered by insurance resulting from litigation will not materially affect the financial position of the District.

Note M. Restatement and Reclassifications

	Adjustments to and Restatements of Beginning Balances			
	Funds			Government-Wide
	2021 Bond Series Capital Project Fund	Nonmajor Governmental	2021 A Taxable Bond Series Debt Service Fund	Governmental Activities
12/31/24, as previously reported	$ 5,545,121	$ -	$ 797,857	$ 282,416,130
Change from major to nonmajor fund	(5,545,121)	6,342,978	(797,857)	-
Change from nonmajor to major fund	-	-	-	-
Error correction (CIP)	-	-	-	(172,698)
12/31/24, as adjusted or restated	$ -	$ 6,342,978	$ -	$ 282,243,432

Note N. Subsequent Events

The District has evaluated all events and transactions that occurred after December 31, 2025 through June 29, 2026, the date these financial statements were available to be issued. No material events have occurred.

REQUIRED SUPPLEMENTAL INFORMATION

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT YEARS

	2025	2024	2023
Total OPEB Liability			
Service Cost	$ 93,595	$ 101,296	$ 89,352
Interest	74,128	49,737	42,193
Differences between expected and actual experience	8,403	179,923	-
Changes in assumptions or other inputs	(208,218)	(82,608)	135,941
Changes in proportionate share	48,457	-	101,067
Differences in actual benefits and proportionate share of benefits	-	(245)	(8,695)
Benefit payments	-	-	-
Net Change in Total OPEB Liability	16,365	248,103	359,858
Total OPEB Liability - beginning	1,662,537	1,414,434	1,054,576
Total OPEB Liability - end	$ 1,678,902	$ 1,662,537	$ 1,414,434
Covered Employee Payroll	$ 9,586,841	$ 9,398,864	$ 8,432,773
Total OPEB Liability as a percentage of covered employee payroll	17.5%	17.7%	17.0%
Notes to Schedule:			
Changes of Benefit Terms:	None	None	None

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 RPH-2014 Employee and Healthy Annuitant Generational with MP-2018
2019 PubG-H-2010 Employee and Healthy Annuitant Generational with MP-2019
2020-2021 PubG-H-2010 Employee and Healthy Annuitant Generational with MP-2020
2022-2025 PubG-H-2010 Employee and Healthy Annuitant Generational with MP-2021
2025 Bond Buyer General Obligation 20 Municipal Bond Index

2018 3.71%
2019 2.75%
2020 2.12%
2021 2.06%
2022 3.72%
2023 3.26%
2024 4.08%
2025 4.83%

This schedule should present 10 years from GASB 75 implementation forward. Total OPEB liability and related ratios will be presented prospectively as data becomes available in accordance with GASB 75. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the Pension/OPEB plan

EXHIBIT B-1

2022	2021	2020	2019	2018
$ 124,093	$ 113,443	$ 256,562	$ 57,293	$ 68,022
29,658	24,623	59,018	45,410	43,888
(266,253)	-	58,631	374,011	6,974
(435,432)	29,790	(794,737)	261,526	(132,135)
268,945	99,757	(350,608)	(63,712)	-
13,575	(2,925)	(70,675)	(15,631)	1,013
-	-	-	-	(13,866)
(265,414)	264,688	(841,809)	658,897	(26,104)
1,319,990	1,055,302	1,897,111	1,238,214	1,264,318
$ 1,054,576	$ 1,319,990	$ 1,055,302	$ 1,897,111	$ 1,238,214
$ 8,187,158	$ 7,529,381	$ 7,310,079	$ 6,600,265	$ 5,353,191
13.0%	18.0%	14.4%	28.7%	23.1%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MEASUREMENT YEARS ENDED DECEMBER 31,

	2024	2023	2022	2021
Total Pension Liability				
Service cost	$ 1,531,756	$ 1,567,904	$ 1,357,473	$ 1,298,749
Interest on total pension liability	2,306,166	2,134,162	1,875,427	1,728,684
Effect of plan changes	312,969	-	1,173,566	-
Effect of assumption changes or input	-	-	-	9,567
Effect on economic/demographic (gains) or losses	292,117	(50,212)	97,563	135,704
Refund of contributions	(136,523)	-	-	(71,432)
Benefit payments/refunds of contributions	(1,272,183)	(1,298,292)	(1,321,423)	(1,209,080)
Net change in total pension liability	3,034,302	2,353,562	3,182,606	1,892,192
Total pension liability, beginning	29,503,985	27,150,422	23,967,816	22,075,625
Total pension liability, ending (a)	32,538,287	29,503,984	27,150,422	23,967,817
Fiduciary Net Position				
Employer contributions	1,347,465	1,229,609	1,061,485	993,164
Member contributions	660,064	606,575	601,656	592,177
Investment income net of investment expenses	2,849,157	2,704,715	(1,535,766)	4,602,300
Refund of contributions	(136,523)			(71,432)
Benefit payments/refunds of	(1,272,183)			
contributions	-	(1,298,292)	(1,321,423)	(1,209,080)
Administrative expenses	(17,038)	(14,530)	(14,394)	(13,904)
Other	41,198	36,780	69,589	14,369
Net change in fiduciary net position	3,472,140	3,264,857	(1,138,853)	4,907,594
Fiduciary net position, beginning	27,826,882	24,562,025	25,700,878	20,793,284
Fiduciary net position, ending (b)	31,299,022	27,826,882	24,562,025	25,700,878
Net pension liability/ (asset), ending = (a)-(b)	$ 1,239,265	$ 1,677,102	$ 2,588,397	$ (1,733,061)
Fiduciary net position as a % of total pension liability	96.19%	94.32%	90.47%	107.23%
Pensionable covered payroll	$ 9,429,486	$ 8,665,354	$ 8,595,083	$ 8,459,674
Net pension asset as a % of covered payroll	13.14%	19.35%	30.11%	-20.49%

Note: This schedule should present 10 years. Since GASB 68 implementation forward. Net pension liability and related ratios will be presented prospectively as data becomes available in accordance with GASB 68.

EXHIBIT B-2

2020	2019	2018	2017	2016	2015
$ 1,088,422	$ 999,005	$ 865,082	$ 820,277	$ 756,250	$ 611,534
1,621,557	1,498,179	1,355,574	1,286,524	1,153,337	1,071,637
-	-	128,866	-	-	236,044
1,206,670	-	-	62,184	-	101,178
(166,866)	(3,312)	185,179	(488,413)	67,163	(237,892)
(119,620)	(59,632)	(27,704)	-	-	-
(1,067,201)	(878,584)	(851,383)	(866,948)	(700,255)	(659,497)
2,562,962	1,555,656	1,655,614	813,624	1,276,495	1,123,004
19,512,663	17,957,006	16,301,391	15,487,767	14,211,272	13,088,268
22,075,625	19,512,662	17,957,005	16,301,391	15,487,767	14,211,272
919,104	806,270	780,237	708,176	657,951	523,193
542,932	478,701	434,502	394,685	351,578	301,925
1,922,029	2,574,326	(287,455)	1,965,172	904,024	(164,681)
(119,620)	(59,632)	(27,704)	-	-	-
(1,067,201)	(878,584)	(851,383)	(866,948)	(700,255)	(659,497)
(15,215)	(14,174)	(12,593)	(10,395)	(9,827)	(8,801)
11,653	14,463	11,570	3,064	47,881	(28,176)
2,193,682	2,921,370	47,174	2,193,754	1,251,352	(36,037)
18,599,601	15,678,230	15,631,055	13,437,301	12,185,949	12,221,987
20,793,283	18,599,600	15,678,229	15,631,055	13,437,301	12,185,950
$ 1,282,342	$ 913,062	$ 2,278,776	$ 670,336	$ 2,050,466	$ 2,025,322
94.19%	95.32%	87.31%	95.89%	86.76%	85.75%
$ 7,756,177	$ 6,838,590	$ 6,207,174	$ 5,638,364	$ 5,022,541	$ 4,313,210
16.53%	13.35%	36.71%	11.89%	40.83%	46.96%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT B-3**
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN YEARS

Year Ending	Actuarially	Actual Employer	Contribution	Pensionable	Actual
2016	$ 657,951	$ 657,951	$ -	$ 5,022,541	13.1%
2017	708,176	708,176	-	5,638,364	12.6%
2018	780,237	780,237	-	6,207,174	12.6%
2019	806,270	806,270	-	6,838,590	11.8%
2020	919,104	919,104	-	7,756,177	11.8%
2021	993,164	993,164	-	8,459,674	11.7%
2022	1,061,485	1,061,485	-	8,595,083	12.3%
2023	1,229,609	1,229,609	-	8,665,321	14.2%
2024	1,337,934	1,337,934	-	8,993,055	14.9%
2025	1,593,115	1,593,115	-	10,592,502	15.1%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	14.4 years (based on contribution rated calculated in 12/31/2024 valuation)
Assets Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule*	2015: No changes in plan provisions were reflected in the Schedule 2016: Employer contributions reflect that a 100% CPI COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the schedule. 2019: Employer contributions reflect that a 2% flat COLA was adopted 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: Employer contributions reflect that the current service matching rate was increased to 250% 2024: No changes in plan provisions were reflected in the Schedule

*Only changes that affect the benefit amount and that' are effective 2015 and later are shown in the Notes to Schedule.

The above table includes information for the District according to the agent multiple-employer defined benefits pension plan administered by TCDRS.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT C-1**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	$ 11,245,124	$ 4,739,386	$ 88,375,613	$ 104,360,123
Receivables				
(net of allowance for uncollectibles)				
Property taxes	-	14,723,565	-	14,723,565
Other accounts	-	-	5,325	5,325
Due from other governments	833,359	1,000	409,026	1,243,385
Due from other funds	546,300	10,720,531	2,116,267	13,383,098
Total assets	$ 12,624,783	$ 30,184,482	$ 90,906,231	$ 133,715,496
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 266,904	$ -	$ 1,472,949	$ 1,739,853
Retainage payable	-	-	854,351	854,351
Due to other governments	860,182	-	559,483	1,419,665
Due to other funds	854,007	86,000	1,015,205	1,955,212
Unearned revenue	9,870,676	-	-	9,870,676
Total liabilities	11,851,769	86,000	3,901,988	15,839,757
Deferred inflows of resources:				
Unavailable revenue-property taxes	-	9,275,609	-	9,275,609
Deferred revenue-property taxes	-	14,723,565	-	14,723,565
Total deferred inflows of resources	-	23,999,174	-	23,999,174
Fund Balances:				
Restricted:				
Special revenue	773,014	-	-	773,014
Capital projects	-	-	87,004,243	87,004,243
Debt service	-	6,099,308	-	6,099,308
Total fund balances	773,014	6,099,308	87,004,243	93,876,565
Total liabilities, deferred inflows and fund balances	$ 12,624,783	$ 30,184,482	$ 90,906,231	$ 133,715,496

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT C-2**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES				
Property taxes	$ -	$ 21,258,315	$ -	$ 21,258,315
Intergovernmental	2,026,367	-	-	2,026,367
Interest	-	458,568	1,561,865	2,020,433
Miscellaneous	-	-	75,518	75,518
Total revenues	2,026,367	21,716,883	1,637,383	25,380,633
EXPENDITURES				
Current:				
Drainage flood control	933,869	-	-	933,869
Debt service:				
Principal	-	13,768,000	-	13,768,000
Interest	-	6,619,011	-	6,619,011
Issuance cost and fiscal agent fees	-	204,950	535,050	740,000
Capital outlay:				
Drainage flood control	1,606,023	-	8,466,869	10,072,892
Total expenditures	2,539,892	20,591,961	9,001,919	32,133,772
Excess (deficiency) of revenues over (under) expenditures	(513,525)	1,124,922	(7,364,536)	(6,753,139)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,778	1,500,000	-	1,502,778
Transfers out	-	(2,200,000)	(998,942)	(3,198,942)
Bond proceeds	-	16,420,000	44,260,000	60,680,000
Bond premium	-	819,396	1,275,050	2,094,446
Refunding escrow deposit	-	(17,036,646)	-	(17,036,646)
Total other financing sources (uses)	2,778	(497,250)	44,536,108	44,041,636
Net change in fund balances	(510,747)	627,672	37,171,572	37,288,497
Fund balances at beginning of year, as previously presented	1,283,761	4,673,779	44,287,550	50,245,090
Change to financial reporting entity classification of fund types	-	797,857	5,545,121	6,342,978
Fund balance at beginning of year, as adjusted	1,283,761	5,471,636	49,832,671	56,588,068
Fund balances at the end of year	$ 773,014	$ 6,099,308	$ 87,004,243	$ 93,876,565

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Special Revenue Funds
December 31, 2025

DHS Levee Grant

This fund was created in May of 2008 to account for a Federal Financial Assistance Award (cooperative agreement DHS-CBP-08-0112-001-005) issued by the U.S. Department of Homeland Security and the U.S. Customs and Border Protection, titled Hidalgo County Border Infrastructure Program.

The District participated in the construction of the Border Wall and Levee Rehabilitation projects. Construction of the projects have been completed yet the closeout of the grant award has not occurred.

TWDB Flood Infrastructure Fund Grant

This fund was established on May 18, 2021 to account for the Texas Water Development Board grant for Flood Infrastructure Project Number 40031 in the amount of $9,801,000. The funds are for the planning, acquisition, design, and/or construction of Phase 1 Flood Control Project.

Raymondville Drain Restore Act Grant

This fund was established on October 13, 2020 to account for the Subgrant Reimbursement Contract No. 582-20-10601 with the Texas Commission on Environmental Quality (TCEQ) in the amount of $7,000,000. The funds are for the restoration of over 60 miles of the Raymondville drain that will be restored using in house force labor and equipment.

Region 15 Planning Group Grant

This fund was established on April 15, 2021 to account for the Regional Flood Planning Contract No. 2101792500 with the Texas Water Development Board (TWDB) in the total amount of $2,072,100. The funds are for the financial assistance to develop a Regional Flood Plan for the Flood Planning Region.

TWDB FIF Willacy County Grant

This fund was created on April 5, 2022 to account for Hidalgo County Drainage District No. 1 (HCDD1) partnership with Willacy County and Willacy County Drainage District No. 1 (WCDD1). Willacy County received funds from Texas Water Development Board (TWDB) Flood Infrastructure (FIF) and together with HCDD1 will implement the Lateral G Project that will increase capacity in the Main Drain, which in turn will mitigate flooding in South Texas to provide community resiliency and economic growth. HCDD1 is responsible for implementation and construction of the project.

TDEM North Main Drain Expansion

This fund was created on November 15, 2022 to account for the FEMA award identification number EMT-2022-PD-0001 and project number LPDM-PJ-06-TX-2022-001 that was sub granted to Texas Division of Emergency Management for the FY 2022 Pre-Disaster Mitigation program and the District. Total project cost award is for a total subgrant amount of $4,941,689 with 75% federal share of $3,706,267 and 25% local cost share amount of $1,235,422. Project name is North Main Drain Expansion and is located in Precinct 4 of Hidalgo County.

GLO 2015-2016 Hidalgo County Urban Program

This fund was created to account for the Interlocal Cooperation Agreement Between the County of Hidalgo, Texas and the District for CDBG/GLO Mitigation Program. Whereas Hidalgo County, Texas received a grant award for Community Development Block Grant through the General Land Office in the amount of $9,858,499 through GLO Contract No. 22-083-004-D209. The District is responsible for providing engineering services as the In-kind contribution. The project is identified as Expansion Phase-1 at Donna Drain on the Existing Main Floodwater Channel between Engelman Gardens Road and Jesus Flores Road then eastward along Existing Main Floodwater Channel to Mile 4 West.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2025

	DHS Levee Grant	TWDB Grant	Raymondville Drain Restore Act Grant	Region 15 Planning Group Grant
ASSETS				
Cash and cash equivalents	$ 93,619	$ 9,801,000	$ -	$ 500,072
Due from other governments	28,971	-	387,606	412,282
Due from other funds	311,684	-	58,493	-
Total assets	$ 434,274	$ 9,801,000	$ 446,099	$ 912,354
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 15,060	$ -	$ 28,594	$ 178,767
Salaries and benefits payable	-	-	-	-
Retainage payable	-	-	-	-
Due to other governments	347,865	-	-	512,317
Due to other funds	1,673	-	417,505	221,270
Unearned revenue	69,676	9,801,000	-	-
Total liabilities	434,274	9,801,000	446,099	912,354
Deferred inflows of resources:				
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted:				
Special revenue	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows and fund balances	$ 434,274	$ 9,801,000	$ 446,099	$ 912,354

TWDB FIF Willacy County Grant	TDEM North Main Drain Expansion	GLO 2015-2016 Hidalgo County Urban Program	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
$ -	$ -	$ 850,433	$ 11,245,124
4,500	-	-	833,359
-	176,123	-	546,300
$ 4,500	$ 176,123	$ 850,433	$ 12,624,783
$ -	$ -	$ 44,483	$ 266,904
-	-	-	-
-	-	-	-
-	-	-	860,182
4,500	176,123	32,936	854,007
-	-	-	9,870,676
4,500	176,123	77,419	11,851,769
-	-	-	-
-	-	773,014	773,014
-	-	773,014	773,014
$ 4,500	$ 176,123	$ 850,433	$ 12,624,783

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	DHS Levee Grant	TWDB Grant	Raymondville Drain Restore Act Grant	Region 15 Planning Group Grant
REVENUES				
Intergovernmental	$ -	$ -	$ 1,084,166	$ 933,869
Total revenues	-	-	1,084,166	933,869
EXPENDITURES				
Current:				
Drainage flood control	-	-	-	933,869
Capital outlay:				
Drainage flood control	-	-	1,084,166	-
Total expenditures	-	-	1,084,166	933,869
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at the end of year	$ -	$ -	$ -	$ -

TWDB FIF Willacy County Grant	TDEM North Main Drain Expansion	GLO 2015-2016 Hidalgo County Urban Program	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
$ -	$ 8,332	$ -	2,026,367
-	8,332	-	2,026,367
-	-	-	933,869
-	11,110	510,747	1,606,023
-	11,110	510,747	2,539,892
-	(2,778)	(510,747)	(513,525)
-	2,778	-	2,778
-	2,778	-	2,778
-	-	(510,747)	(510,747)
-	-	1,283,761	1,283,761
$ -	$ -	$ 773,014	$ 773,014

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-3**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
RAYMONDVILLE DRAIN RESTORE ACT GRANT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ 3,400,924	$ 1,084,166	$ (2,316,758)
Total revenues	-	3,400,924	1,084,166	(2,316,758)
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	2,318,722	1,084,166	1,234,556
Total expenditures	-	2,318,722	1,084,166	1,234,556
Excess (deficiency) of revenues over (under) expenditures	-	1,082,202	-	(1,082,202)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	1,082,202	-	(1,082,202)
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ 1,082,202	$ -	$ (1,082,202)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-4**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
REGION 15 PLANNING GROUP GRANT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 933,869	$ 933,869
Total revenues	-	-	933,869	933,869
EXPENDITURES				
Current:				
Drainage flood control	-	3,269,872	933,869	2,336,003
Total expenditures	-	3,269,872	933,869	2,336,003
Excess (deficiency) of revenues over (under) expenditures	-	(3,269,872)	-	3,269,872
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(3,269,872)	-	3,269,872
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ (3,269,872)	$ -	$ 3,269,872

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-5**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
TDEM NORTH MAIN DRAIN EXPANSION
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 8,332	$ 8,332
Total revenues	-	-	8,332	8,332
EXPENDITURES				
Current:				
Capital outlay:				
Drainage flood control	-	2,668,708	11,110	2,657,598
Total expenditures	-	2,668,708	11,110	2,657,598
Excess (deficiency) of revenues over (under) expenditures	-	(2,668,708)	(2,778)	2,665,930
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,778	2,778
Total other financing sources (uses)	-	-	2,778	2,778
Net change in fund balance	-	(2,668,708)	-	2,668,708
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ (2,668,708)	$ -	$ 2,668,708

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-6**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
GLO 2015-2016 HIDALGO COUNTY URBAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ 250,000		$ (250,000)
Total revenues	-	250,000	-	(250,000)
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	1,340,832	510,747	830,085
Total expenditures	-	1,340,832	510,747	830,085
Excess (deficiency) of revenues over (under) expenditures	-	(1,090,832)	(510,747)	580,085
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	-	(250,000)
Total other financing sources (uses)	-	250,000	-	(250,000)
Net change in fund balance	-	(840,832)	(510,747)	330,085
Fund balance at beginning of year	1,283,761	1,283,761	1,283,761	-
Fund balance at the end of year	$ 1,283,761	$ 442,929	$ 773,014	$ 330,085

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The essential purpose of a debt service fund is to account for accumulations of resources.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Debt Service Funds
December 31, 2025

MAJOR:

2023 Bond Series Debt Service Fund

This fund accounts for the proceeds of the $59,205,000 Unlimited Tax Improvements Bonds, Series 2023 to be used to pay for the construction and equipment for drainage improvements projects in the District and the acquisition of rights of way thereof, and pay costs of issuance of the bonds.

2025 Taxable Bond Series Debt Service Fund

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Taxable Series 2025 in the amount of $27,880,000 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

NONMAJOR:

2013 Bond Series

This fund accounts for the payment of principal and interest on Unlimited Tax Improvement Bond Series 2013 issued in 2013 in the amount of $77,130,000 for the construction of drainage improvements, the acquisition of right of way, and to pay costs related to the issuance of bonds.

2014 Refunding Bonds

This fund accounts for the payment of principal and interest on refunding bonds issued in 2014 in the amount of $ 7,810,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2007 and Series 2008.

2016 Refunding Bonds

This fund accounts for the payment of principal and interest on refunding bonds issued in 2016 in the amount of $52,625,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2007 and Series 2008. Also, in 2017, $1,960,000 was refunded to maintain the tax rate.

2025 Refunding Bonds

This fund accounts for the payment of principal and interest on refunding bonds issued in 2025 in the amount of $ 16,420,000. The bonds were issued for the purpose of refunding a portion of the Unlimited Tax Improvement Bond Series 2014 and Series 2016.

2019 Bond Series

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Series 2019 in the amount of $73,845,000 for the construction of and equipment for drainage improvement projects in the District and the acquisitions of rights of way and bond issuance costs.

2021 Taxable Bond Series – FIF

This fund accounts for the payment of principal on the Unlimited Tax Improvement Bonds, Taxable Series 2021 in the amount of $22,869,000 for the construction of projects 21 (Mile 10 N & Mile 1 W), 22 (Mile 11 N & FM 1015), and 23 (Mile 11 N & Texas Boulevard) as identified on the 2018 Bond Referendum.

2021 Bond Series

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Series 2021 in the amount of $29,570,000 for the construction of and equipment for drainage improvement projects and the acquisitions of rights of way thereforŜ, and to pay bond issuance costs.

2021A Taxable Bond Series

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Taxable Series 2021A in the amount of $49,910,000 for the construction of and equipment for drainage improvement projects and the acquisitions of rights of way therefor, and to pay bond issuance costs.

2025 Bond Series

This fund accounts for the payment of principal and interest on the Unlimited Tax Improvement Bonds, Series 2025 in the amount of $16,380,000 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2025

	2013 Bond Series	2014 Refunding Bonds	2016 Refunding Bonds	2025 Refunding Bonds	2019 Bond Series
ASSETS					
Cash and cash equivalents	$ 259,442	$ 397,499	$ 1,016,514	$ -	$ 879,598
Receivables					
(net of allowance for uncollectibles)					
Property taxes	2,594,459	1,212,646	652,481	2,930,000	3,364,597
Due from other governments	-	500	500	-	-
Due from other funds	2,852,058	847,243	85,000	2,119,380	2,342,720
Total assets	$ 5,705,959	$ 2,457,888	$ 1,754,495	$ 5,049,380	$ 6,586,915
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Due to other funds	$ -	$ 1,000	$ -	$ -	$ -
Total liabilities	-	1,000	-	-	-
Deferred inflows of resources:					
Unavailable revenues-property taxes	1,535,138	839,777	-	2,118,380	2,321,498
Deferred revenue-property taxes	2,594,459	1,212,646	652,481	2,930,000	3,364,597
	4,129,597	2,052,423	652,481	5,048,380	5,686,095
Fund balances:					
Restricted:					
Debt service	1,576,362	404,465	1,102,014	1,000	900,820
Total fund balances	1,576,362	404,465	1,102,014	1,000	900,820
Total liabilities, deferred inflows and fund balances	$ 5,705,959	$ 2,457,888	$ 1,754,495	$ 5,049,380	$ 6,586,915

2021 Taxable Bond Series-FIF	2021 Bond Series	2021 A Taxable Bond Series	2025 Bond Series	Total Nonmajor Debt Service Funds (See Exhibit C-1)
$ 536,832	$ 484,141	$ 1,165,360	$ -	$ 4,739,386
456,037	1,346,257	935,218	1,231,870	14,723,565
-	-	-	-	1,000
319,595	749,002	508,136	897,397	10,720,531
$ 1,312,464	$ 2,579,400	$ 2,608,714	$ 2,129,267	$ 30,184,482
$ 30,000	$ 55,000	$ -	$ -	$ 185,000
30,000	55,000	-	-	185,000
316,893	742,675	503,851	897,397	9,275,609
456,037	1,346,257	935,218	1,231,870	14,723,565
772,930	2,088,932	1,439,069	2,129,267	23,999,174
509,534	435,468	1,169,645	-	6,099,308
509,534	435,468	1,169,645	-	6,099,308
$ 1,312,464	$ 2,579,400	$ 2,608,714	$ 2,129,267	$ 30,283,482

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2013 Bond Series	2014 Refunding Bond	2016 Refunding Bond	2025 Refunding Bond	2019 Bond Series
REVENUES					
Property taxes	$ 4,514,123	$ 1,991,759	$ 5,538,906	$ -	$ 5,661,713
Interest	112,833	44,443	117,076	-	91,537
Total revenues	4,626,956	2,036,202	5,655,982	-	5,753,250
EXPENDITURES					
Debt service:					
Principal	2,460,000	1,880,000	4,280,000	-	2,880,000
Interest	1,221,150	229,300	959,000	-	2,716,750
Issuance cost & fiscal agent fees	-	500	500	201,750	550
Total expenditures	3,681,150	2,109,800	5,239,500	201,750	5,597,300
Excess (deficiency) of revenues over (under) expenditures	945,806	(73,598)	416,482	(201,750)	155,950
OTHER FINANCING SOURCES (USES):					
Transfers in	-	200,000	-	-	-
Transfers out	(1,100,000)	-	(700,000)	-	(400,000)
Bond proceeds	-	-	-	16,420,000	-
Bond premium	-	-	-	819,396	-
Refunding escrow payment	-	-	-	(17,036,646)	-
Total other financing sources (uses)	(1,100,000)	200,000	(700,000)	202,750	(400,000)
Net change in fund balances	(154,194)	126,402	(283,518)	1,000	(244,050)
Fund balances at beginning of year as previously presented	1,730,556	278,063	1,385,532	-	1,144,870
Change to financial reporting entity classification of fund types	-	-	-	-	-
Fund balance at beginning of year, as adjusted	1,730,556	278,063	1,385,532	-	1,144,870
Fund balances at the end of year	$ 1,576,362	$ 404,465	$ 1,102,014	$ 1,000	$ 900,820

2021 Taxable Bond Series-FIF	2021 Bond Series	2021 A Taxable Bond Series	2025 Bond Series	Total Nonmajor Debt Service Funds (See Exhibit C-2)
$ 720,783	$ 1,687,822	$ 1,143,209	$ -	$ 21,258,315
20,104	32,985	39,590	-	458,568
740,887	1,720,807	1,182,799	-	21,716,883
763,000	770,000	735,000	-	13,768,000
-	1,017,350	475,461	-	6,619,011
550	550	550	-	204,950
763,550	1,787,900	1,211,011	-	20,591,961
(22,663)	(67,093)	(28,212)	-	1,124,922
500,000	400,000	400,000	-	1,500,000
-	-	-	-	(2,200,000)
-	-	-	-	16,420,000
-	-	-	-	819,396
-	-	-	-	(17,036,646)
500,000	400,000	400,000	-	(497,250)
477,337	332,907	371,788	-	627,672
32,197	102,561	-	-	4,673,779
-	-	797,857	-	797,857
32,197	102,561	797,857	-	5,471,636
$ 509,534	$ 435,468	$ 1,169,645	$ -	$ 6,099,308

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-9**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2013 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 3,657,541	$ 3,657,541	$ 4,514,123	$ 856,582
Interest	20,242	20,242	112,833	92,591
Total revenues	3,677,783	3,677,783	4,626,956	949,173
EXPENDITURES				
Debt service:				
Principal	2,460,000	2,460,000	2,460,000	-
Interest	1,221,150	1,221,150	1,221,150	-
Issuance cost and fiscal agent fees	500	500	-	500
Total expenditures	3,681,650	3,681,650	3,681,150	500
Excess (deficiency) of revenues over (under) expenditures	(3,867)	(3,867)	945,806	949,673
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,100,000)	(1,100,000)	(1,100,000)	-
Total other financing sources (uses)	(1,100,000)	(1,100,000)	(1,100,000)	-
Net change in fund balance	(1,103,867)	(1,103,867)	(154,194)	949,673
Fund balance at beginning of year	1,730,556	1,730,556	1,730,556	-
Fund balance at the end of year	$ 626,689	$ 626,689	$ 1,576,362	$ 949,673

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-10**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2014 REFUNDING BOND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 2,095,984	$ 2,095,984	$ 1,991,759	$ (104,225)
Interest	11,600	11,600	44,443	32,843
Total revenues	2,107,584	2,107,584	2,036,202	(71,382)
EXPENDITURES				
Debt service:				
Principal	1,880,000	1,880,000	1,880,000	-
Interest	229,300	229,300	229,300	-
Issuance costs and fiscal agent fees	500	500	500	-
Total expenditures	2,109,800	2,109,800	2,109,800	-
Excess (deficiency) of revenues over (under) expenditures	(2,216)	(2,216)	(73,598)	(71,382)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Net change in fund balance	197,784	197,784	126,402	(71,382)
Fund balance at beginning of year	278,063	278,063	278,063	-
Fund balance at the end of year	$ 475,847	$ 475,847	$ 404,465	$ (71,382)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-11**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2016 REFUNDING BOND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 5,205,189	$ 5,205,189	$ 5,538,906	$ 333,717
Interest	28,807	28,807	117,076	88,269
Total revenues	5,233,996	5,233,996	5,655,982	421,986
EXPENDITURES				
Debt service:				
Principal	4,280,000	4,280,000	4,280,000	-
Interest	959,000	959,000	959,000	-
Issuance costs and fiscal agent fees	500	500	500	-
Total expenditures	5,239,500	5,239,500	5,239,500	-
Excess (deficiency) of revenues over (under) expenditures	(5,504)	(5,504)	416,482	421,986
OTHER FINANCING SOURCES (USES)				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	(700,000)	(700,000)	(700,000)	-
Net change in fund balance	(705,504)	(705,504)	(283,518)	421,986
Fund balance at beginning of year	1,385,532	1,385,532	1,385,532	-
Fund balance at the end of year	$ 680,028	$ 680,028	$ 1,102,014	$ 421,986

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-12**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2025 REFUNDING BONDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Issuance cost and fiscal agent fees	-	-	201,750	(201,750)
Total expenditures	-	-	201,750	(201,750)
Excess (deficiency) of revenues over (under) expenditures	-	-	(201,750)	(201,750)
OTHER FINANCING SOURCES (USES)				
Bond issued	-	-	16,420,000	16,420,000
Bond premium	-	-	819,396	819,396
Refunding escrow payment	-	-	(17,036,646)	(17,036,646)
Total other financing sources (uses)	-	-	202,750	202,750
Net change in fund balance	-	-	1,000	1,000
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ -	$ 1,000	$ 1,000

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-13**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2019 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 5,560,596	$ 5,560,596	$ 5,661,713	$ 101,117
Interest	30,774	30,774	91,537	60,763
Total revenues	5,591,370	5,591,370	5,753,250	161,880
EXPENDITURES				
Debt service:				
Principal	2,880,000	2,880,000	2,880,000	-
Interest	2,716,750	2,716,750	2,716,750	-
Issuance cost and fiscal agent fees	500	500	550	(50)
Total expenditures	5,597,250	5,597,250	5,597,300	(50)
Excess (deficiency) of revenues over (under) expenditures	(5,880)	(5,880)	155,950	161,830
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	(400,000)	(400,000)	(400,000)	-
Net change in fund balance	(405,880)	(405,880)	(244,050)	161,830
Fund balance at beginning of year	1,144,870	1,144,870	1,144,870	-
Fund balance at the end of year	$ 738,990	$ 738,990	$ 900,820	$ 161,830

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-14**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2021 TAXABLE BOND SERIES - FIF
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 758,500	$ 758,500	$ 720,783	$ (37,717)
Interest	4,198	4,198	20,104	15,906
Total revenues	762,698	762,698	740,887	(21,811)
EXPENDITURES				
Debt service:				
Principal	763,000	763,000	763,000	-
Issuance cost and fiscal agent fees	500	500	550	(50)
Total expenditures	763,500	763,500	763,550	(50)
Excess (deficiency) of revenues over (under) expenditures	(802)	(802)	(22,663)	(21,861)
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net change in fund balance	499,198	499,198	477,337	(21,861)
Fund balance at beginning of year	32,197	32,197	32,197	-
Fund balance at the end of year	$ 531,395	$ 531,395	$ 509,534	$ (21,861)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-15**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2021 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,776,142	$ 1,776,142	$ 1,687,822	$ (88,320)
Interest	9,830	9,830	32,985	23,155
Total revenues	1,785,972	1,785,972	1,720,807	(65,165)
EXPENDITURES				
Debt service:				
Principal	770,000	770,000	770,000	-
Interest	1,017,350	1,017,350	1,017,350	-
Issuance costs and fiscal agent fees	500	500	550	(50)
Total expenditures	1,787,850	1,787,850	1,787,900	(50)
Excess (deficiency) of revenues over (under) expenditures	(1,878)	(1,878)	(67,093)	(65,215)
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balance	398,122	398,122	332,907	(65,215)
Fund balance at beginning of year	102,561	102,561	102,561	-
Fund balance at the end of year	$ 500,683	$ 500,683	$ 435,468	$ (65,215)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-16**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
2021 A TAXABLE BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,203,031	$ 1,203,031	$ 1,143,209	$ (59,822)
Interest	6,658	6,658	39,590	32,932
Total revenues	1,209,689	1,209,689	1,182,799	(26,890)
EXPENDITURES				
Debt service:				
Principal	735,000	735,000	735,000	-
Interest	475,461	475,461	475,461	-
Issuance cost and fiscal agent fees	500	500	550	(50)
Total expenditures	1,210,961	1,210,961	1,211,011	(50)
Excess (deficiency) of revenues over (under) expenditures	(1,272)	(1,272)	(28,212)	(26,940)
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	400,000	400,000	400,000	-
Net change in fund balance	398,728	398,728	371,788	(26,940)
Fund balance at beginning of year	797,857	797,857	797,857	-
Fund balance at the end of year	$ 1,196,585	$ 1,196,585	$ 1,169,645	$ (26,940)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-17**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUND
2023 BOND SERIES DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 15,880,941	$ 15,880,941	$ 15,159,539	$ (721,402)
Interest	87,891	87,891	188,830	100,939
Total revenues	15,968,832	15,968,832	15,348,369	(620,463)
	.			
EXPENDITURES				
Debt service:				
Principal	13,230,000	13,230,000	13,230,000	-
Interest	2,755,125	2,755,125	2,755,125	-
Issuance cost and fiscal agent fees	500	500	550	(50)
Total expenditures	15,985,625	15,985,625	15,985,675	(50)
Excess (deficiency) of revenues over (under) expenditures	(16,793)	(16,793)	(637,306)	(620,513)
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Total other financing sources (uses)	700,000	700,000	700,000	-
Net change in fund balance	683,207	683,207	62,694	(620,513)
Fund balances at beginning of year, as previously presented	75,051	75,051	75,051	-
Change within financial reporting entity (nonmajor fund to major fund)	-	-	-	-
Fund balances at beginning of year, as adjusted	75,051	75,051	75,051	-
Fund balances at the end of year	$ 758,258	$ 758,258	$ 137,745	$ (620,513)

CAPITAL PROJECTS FUNDS

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Capital Projects Funds
December 31, 2025

MAJOR:

2021A Taxable Bond Series
This fund accounts for the proceeds of the $49,910,000 Unlimited Tax Improvement Bonds, Taxable Series 2021A to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

2023 Bond Series
This fund accounts for the proceeds of the $59,205,000 Unlimited Tax Improvements Bonds, Series 2023 to be used to pay for the construction and equipment for drainage improvements projects in the District and the acquisition of rights of way thereof, and pay costs of issuance of the bonds.

NONMAJOR:

Capital Projects Fund
This fund accounts for the accumulation of resources for capital outlay. The capital projects are the District's new administration facility, Cesar Chavez Drainage improvements, right of way acquisition, and Raymondville Drain.

2008 Bond Series
This fund accounts for the proceeds of the $72,000,000 Unlimited Tax improvement Bond Series 2008 to be used for drainage improvement projects, right of way acquisition, and bonds issuance costs.

2013 Bond Series
This fund accounts for the proceeds of the $77,130,000 Unlimited Tax Improvement Bonds Series 2013 to be used for drainage improvement projects, right of way acquisition, and bond issuance costs.

2019 Bond Series
This fund accounts for the proceeds of the $73,845,000 Unlimited Tax Improvement Bonds, Series 2019 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

2021 Taxable Bond Series – FIF
This fund accounts for the proceeds of the $22,869,000 Unlimited Tax Improvement Bonds, Taxable Series 2021-FIF that were subsequently put on private placement with the Texas Water Development Board with zero percent interest. Texas Water Development Board purchased the bonds and will receive zero interest from the District; however, the funds are placed in private placement and will be disbursed on a reimbursement basis. The funds will be used for the construction of projects 21 (Mile 10 N & Mile 1 W), 22 (Mile 11 N & FM 1015), and 23 (Mile 11 N & Texas Boulevard) as identified on the 2018 Bond Referendum.

2021 Bond Series
This fund accounts for the proceeds of the $29,570,000 Unlimited Tax Improvement Bonds, Series 2021 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

2025 Bond Series
This fund accounts for the proceeds of the $16,380,000 Unlimited Tax Improvement Bonds, Series 2025 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

2025 Taxable Bond Series
This fund accounts for the proceeds of the $27,880,000 Unlimited Tax Improvement Bonds, Taxable Series 2025 to be used to pay for the construction and equipment for drainage improvement projects in the District and the acquisitions of rights of way thereof, and to pay costs of issuance of the bonds.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2025

	Capital Projects Fund	2008 Bond Series	2013 Bond Series	2019 Bond Series
ASSETS				
Cash and cash equivalents	$ 5,571,261	$ 469,658	$ 6,011,186	$ 7,529,299
Other accounts	-	5,325	-	-
Due from other governments	409,026	-	-	-
Due from other funds	515,000	-	700,000	1,263
Total assets	$ 6,495,287	$ 474,983	$ 6,711,186	$ 7,530,562
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 155,839	$ -	$ 564,895	$ 549,439
Retainage payable	301,417	34,297	107,183	397,767
Due to other governments	559,465	-	-	18
Due to other funds	998,942	15,000	-	-
Total liabilities	2,015,663	49,297	672,078	947,224
Deferred inflows of resources:				
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted:				
Capital projects	4,479,624	425,686	6,039,108	6,583,338
Total fund balances	4,479,624	425,686	6,039,108	6,583,338
Total liabilities, deferred inflows and fund balances	$ 6,495,287	$ 474,983	$ 6,711,186	$ 7,530,562

2021 Taxable Bond Series-FIF	2021 Bond Series	2025 Bond Series	2025 Taxable Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
$ 19,243,375	$ 4,180,699	$ 17,570,081	$ 27,800,054	$ 88,375,613
-	-	-	-	5,325
-	-	-	-	409,026
-	900,004	-	-	2,116,267
$ 19,243,375	$ 5,080,703	$ 17,570,081	$ 27,800,054	$ 90,906,231
$ 123,185	$ 79,591	$ -	$ -	$ 1,472,949
13,687	-	-	-	854,351
-	-	-	-	559,483
-	1,263	-	-	1,015,205
136,872	80,854	-	-	3,901,988
-	-	-	-	-
19,106,503	4,999,849	17,570,081	27,800,054	87,004,243
19,106,503	4,999,849	17,570,081	27,800,054	87,004,243
$ 19,243,375	$ 5,080,703	$ 17,570,081	$ 27,800,054	$ 90,906,231

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Capital Projects Fund	2008 Bond Series	2013 Bond Series	2019 Bond Series
REVENUES				
Interest	$ 241,356	$ 29,813	$ 287,922	$ 423,672
Miscellaneous	75,518	-	-	-
Total revenues	316,874	29,813	287,922	423,672
EXPENDITURES				
Debt service:				
Fiscal Agent Fees and issuance cost	-	-	-	-
Capital outlay:				
Drainage flood control	2,437,502	360,209	1,136,250	3,518,945
Total expenditures	2,437,502	360,209	1,136,250	3,518,945
Excess (deficiency) of revenues over (under) expenditures	(2,120,628)	(330,396)	(848,328)	(3,095,273)
OTHER FINANCING SOURCES (USES):				
Transfers out	(998,942)	-	-	-
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Total other financing sources (uses)	(998,942)	-	-	-
Net change in fund balances	(3,119,570)	(330,396)	(848,328)	(3,095,273)
Fund balances at beginning of year as previously presented	7,599,194	756,082	6,887,436	9,678,611
Change to financial reporting entity classification of fund types	-	-	-	-
Fund balance at beginning of year, as adjusted	7,599,194	756,082	6,887,436	9,678,611
Fund balances at the end of year	$ 4,479,624	$ 425,686	$ 6,039,108	$ 6,583,338

2021 Taxable Bond Series-FIF	2021 Bond Series	2025 Bond Series	2025 Taxable Bond Series	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
$ -	$ 208,967	$ 140,081	$ 230,054	$ 1,561,865
-	-	-	-	75,518
-	208,967	140,081	230,054	1,637,383
-	-	225,050	310,000	535,050
259,724	754,239	-	-	8,466,869
259,724	754,239	225,050	310,000	9,001,919
(259,724)	(545,272)	(84,969)	(79,946)	(7,364,536)
-	-	-	-	(998,942)
-	-	16,380,000	27,880,000	44,260,000
-	-	1,275,050	-	1,275,050
-	-	17,655,050	27,880,000	44,536,108
(259,724)	(545,272)	17,570,081	27,800,054	37,171,572
19,366,227	-	-	-	44,287,550
-	5,545,121	-	-	5,545,121
19,366,227	5,545,121	-	-	49,832,671
$ 19,106,503	$ 4,999,849	$ 17,570,081	$ 27,800,054	$ 87,004,243

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-20**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 241,356	$ 241,356
Miscellaneous	-	-	75,518	75,518
Total revenues	-	-	316,874	316,874
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	3,179,108	2,437,502	741,606
Total expenditures	-	3,179,108	2,437,502	741,606
Excess (deficiency) of revenues over (under) expenditures	-	(3,179,108)	(2,120,628)	1,058,480
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(998,942)	(998,942)
Total other financing sources (uses)	-	-	(998,942)	(998,942)
Net change in fund balance	-	(3,179,108)	(3,119,570)	59,538
Fund balance at beginning of year	7,599,194	7,599,194	7,599,194	-
Fund balance at the end of year	$ 7,599,194	$ 4,420,086	$ 4,479,624	$ 59,538

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-21**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2008 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 29,813	$ 29,813
Total revenues	-	-	29,813	29,813
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	781,051	360,209	420,842
Total expenditures	-	781,051	360,209	420,842
Excess (deficiency) of revenues over (under) expenditures	-	(781,051)	(330,396)	450,655
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(781,051)	(330,396)	450,655
Fund balance at beginning of year	756,082	756,082	756,082	-
Fund balance at the end of year	$ 756,082	$ (24,969)	$ 425,686	$ 450,655

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-22**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2013 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 287,922	$ 287,922
Total revenues	-	-	287,922	287,922
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	7,104,767	1,136,250	5,968,517
Total expenditures	-	7,104,767	1,136,250	5,968,517
Excess (deficiency) of revenues over (under) expenditures	-	(7,104,767)	(848,328)	6,256,439
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(7,104,767)	(848,328)	6,256,439
Fund balance at beginning of year	6,887,436	6,887,436	6,887,436	-
Fund balance at the end of year	$ 6,887,436	$ (217,331)	$ 6,039,108	$ 6,256,439

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-23**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2019 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 423,672	$ 423,672
Total revenues	-	-	423,672	423,672
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	7,070,939	3,518,945	3,551,994
Total expenditures	-	7,070,939	3,518,945	3,551,994
Excess (deficiency) of revenues over (under) expenditures	-	(7,070,939)	(3,095,273)	3,975,666
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(7,070,939)	(3,095,273)	3,975,666
Fund balance at beginning of year	9,678,611	9,678,611	9,678,611	-
Fund balance at the end of year	$ 9,678,611	$ 2,607,672	$ 6,583,338	$ 3,975,666

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-24**
A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2021 A TAXABLE BOND SERIES - FIF
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	19,366,224	259,724	19,106,500
Total expenditures	-	19,366,224	259,724	19,106,500
Excess (deficiency) of revenues over (under) expenditures	-	(19,366,224)	(259,724)	19,106,500
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(19,366,224)	(259,724)	19,106,500
Fund balance at beginning of year	19,366,227	19,366,227	19,366,227	-
Fund balance at the end of year	$ 19,366,227	$ 3	$ 19,106,503	$ 19,106,500

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-25**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2021 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 208,967	$ 208,967
Total revenues	-	-	208,967	208,967
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	1,785,159	754,239	1,030,920
Total expenditures	-	1,785,159	754,239	1,030,920
Excess (deficiency) of revenues over (under) expenditures	-	(1,785,159)	(545,272)	1,239,887
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(1,785,159)	(545,272)	1,239,887
Fund balance at beginning of year	5,545,121	5,545,121	5,545,121	-
Fund balance at the end of year	$ 5,545,121	$ 3,759,962	$ 4,999,849	$ 1,239,887

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-26**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2025 BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 140,081	$ 140,081
Total revenues	-	-	140,081	140,081
EXPENDITURES				
Debt service:				
Fiscal agent fees and issuance cost	-	225,050	225,050	-
Capital outlay:				
Drainage flood control	-	17,430,000	-	17,430,000
Total expenditures	-	17,655,050	225,050	17,430,000
Excess (deficiency) of revenues over (under) expenditures	-	(17,655,050)	(84,969)	17,570,081
OTHER FINANCING SOURCES (USES)				
Transfers out		763,624	-	(763,624)
Bond proceeds	-	16,380,000	16,380,000	-
Premium on bond issued	-	1,275,050	1,275,050	-
Total other financing sources (uses)	-	18,418,674	17,655,050	(763,624)
Net change in fund balance	-	763,624	17,570,081	16,806,457
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ 763,624	$ 17,570,081	$ 16,806,457

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-27**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR CAPITAL PROJECT FUND
2025 TAXABLE BOND SERIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 230,054	$ 230,054
Total revenues	-	-	230,054	230,054
EXPENDITURES				
Debt service:				
Fiscal agent fees and issuance cost	-	310,000	310,000	-
Capital outlay:				
Drainage flood control	-	27,570,000	-	27,570,000
Total expenditures	-	27,880,000	310,000	27,570,000
Excess (deficiency) of revenues over (under) expenditures	-	(27,880,000)	(79,946)	27,800,054
OTHER FINANCING SOURCES (USES)				
Transfers out		763,624	-	763,624
Bond proceeds	-	27,880,000	27,880,000	-
Total other financing sources (uses)	-	28,643,624	27,880,000	763,624
Net change in fund balance	-	763,624	27,800,054	27,036,430
Fund balance at beginning of year	-	-	-	-
Fund balance at the end of year	$ -	$ 763,624	$ 27,800,054	$ 27,036,430

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-28**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MAJOR CAPITAL PROJECT FUND
2021 A TAXABLE BOND SERIES CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ -	$ -	$ 1,496,159	$ 1,496,159
Interest	-	-	2,364,960	2,364,960
Total revenues	-	-	3,861,119	3,861,119
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	45,578,748	62,216	45,516,532
Total expenditures	-	45,578,748	62,216	45,516,532
Excess (deficiency) of revenues over (under) expenditures	-	(45,578,748)	3,798,903	49,377,651
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	998,942	998,942
Total other financing sources (uses)	-	-	998,942	998,942
Net change in fund balance	-	(45,578,748)	4,797,845	50,376,593
Fund balance at beginning of year	51,598,808	51,598,808	51,598,808	-
Fund balance at the end of year	$ 51,598,808	$ 6,020,060	$ 56,396,653	$ 50,376,593

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT D-29**

A COMPONENT UNIT OF COUNTY OF HIDALGO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MAJOR CAPITAL PROJECT FUND
2023 BOND SERIES CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ 1,712,959	$ 1,712,959
Total revenues	-	-	1,712,959	1,712,959
EXPENDITURES				
Capital outlay:				
Drainage flood control	-	42,404,988	25,180,464	17,224,524
Total expenditures	-	42,404,988	25,180,464	17,224,524
Excess (deficiency) of revenues over (under) expenditures	-	(42,404,988)	(23,467,505)	18,937,483
OTHER FINANCING SOURCES (USES)				
Transfers out		250,000	(2,778)	(252,778)
Total other financing sources (uses)	-	250,000	(2,778)	(252,778)
Net change in fund balance	-	(42,154,988)	(23,470,283)	18,684,705
Fund balance at beginning of year	44,948,127	44,948,127	44,948,127	-
Fund balance at the end of year	$ 44,948,127	$ 2,793,139	$ 21,477,844	$ 18,684,705

STATISTICAL SECTION

(UNAUDITED)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
Statistical Section
December 31, 2025

This section of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. This information has not been audited by the independent auditor.

FINANCIAL TRENDS
These schedules contain trend information to help the reader understand how the District's financial performance changed over time.

REVENUE CAPACITY
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

DEBT CAPACITY
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

OPERATING INFORMATION
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.

OTHER INFORMATION
These schedules contain information that although is not required, but is presented to help the reader obtain additional insights into the District's activities and finances.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
Governmental activities:				
Net investment in capital assets	$ 251,971,050	$ 239,036,975	$ 199,558,798	$ 167,416,519
Restricted for:				
Special revenue				
Legislative (1)	-	-	-	-
Grants (1)	773,014	1,283,761	1,236,500	-
Debt service	22,935,131	21,562,682	18,841,607	18,058,630
Capital projects	-	-	-	-
Unrestricted	49,792,895	20,532,712	7,888,041	1,639,393
Subtotal governmental activities net position	$ 325,472,090	$ 282,416,130	$ 227,524,946	$ 187,114,542
% change from prior year	15.2%	24.1%	21.6%	20.6%
Business-type activities:				
Subtotal business-type activities net position	$ -	$ -	$ -	$ -
% change from prior year	0.0%	0.0%	0.0%	0.0%
Primary government:				
Net investment in capital assets	$ 251,971,050	$ 239,036,975	$ 199,558,798	$ 167,416,519
Restricted for:				
Grants (1)	773,014	1,283,761	1,236,500	-
Debt service	22,935,131	21,562,682	18,841,607	18,058,630
Unrestricted	49,792,895	20,532,712	7,888,041	1,639,393
Total primary government net position (2)	$ 325,472,090	$ 282,416,130	$ 227,524,946	$ 187,114,542
% change from prior year	15.2%	24.1%	21.6%	20.6%

(1) Beginning in 2009, Restricted for Special Revenue was further categorized.
(2) See Exhibit E-2 for changes in net position from year to year.

EXHIBIT E-1

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 143,866,282	$ 135,237,940	$ 122,823,880	$ 113,921,907	$ 113,245,221	$ 110,770,579
-	-	-	-	-	-
1,254	-	-	-	-	2,054
18,842,644	11,346,900	11,648,315	9,400,427	9,205,175	4,627,610
-	-	-	-	-	-
(7,583,293)	(14,249,375)	(17,339,057)	(23,093,462)	(38,274,625)	(43,000,052)
$ 155,126,887	$ 132,335,465	$ 117,133,138	$ 100,228,872	$ 84,175,771	$ 72,400,191
17.2%	13.0%	16.9%	19.1%	16.3%	17.7%
$ -	$ -	$ -	$ -	$ -	$ -
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$ 143,866,282	$ 135,237,940	$ 122,823,880	$ 113,921,907	$ 113,245,221	$ 110,770,579
1,254	-	-	-	-	2,054
18,842,644	11,346,900	11,648,315	9,400,427	9,205,175	4,627,610
(7,583,293)	(14,249,375)	(17,339,057)	(23,093,462)	(38,274,625)	(43,000,052)
$ 155,126,887	$ 132,335,465	$ 117,133,138	$ 100,228,872	$ 84,175,771	$ 72,400,191
17.2%	13.0%	16.9%	19.1%	16.3%	17.7%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
Expenses				
Governmental activities:				
General government	$ 7,318,828	$ 5,681,029	$ 3,475,477	$ 5,227,737
Drainage flood control	21,150,066	19,189,475	23,919,428	18,009,707
Interest on long-term debt	8,153,761	8,039,931	7,978,976	7,088,079
Gain (loss) on sale of capital assets	-	-	-	-
Total governmental activities expenses	36,622,655	32,910,435	35,373,881	30,325,523
Business-type activities:				
Total business-type activities expenses	-	-	-	-
Total primary government expenses	$ 36,622,655	$ 32,910,435	$ 35,373,881	$ 30,325,523
Program revenues				
Governmental activities:				
Charges for services	$ 254,846	$ 228,873	$ 316,780	$ 245,254
Operating grants and contributions	4,171,545	5,910,539	5,505,282	2,916,223
Capital grants and contributions	-	-	1,000,000	3,010,766
Total governmental activities program revenues	4,426,391	6,139,412	6,822,062	6,172,243
Business-type activities:				
Total business-type activities program revenues	-	-	-	-
Total primary government program revenues	$ 4,426,391	$ 6,139,412	$ 6,822,062	$ 6,172,243
Net (expenses) revenues				
Governmental activities	$ (32,196,264)	$ (26,771,023)	$ (28,551,819)	$ (24,153,280)
Business-type activities	-	-	-	-
Total primary government net expenses	$ (32,196,264)	$ (26,771,023)	$ (28,551,819)	$ (24,153,280)

(1) See Exhibit E-1 for ending net position balances for reported years.

EXHIBIT E-2
Continued

	Fiscal Year					
	2021	**2020**	**2019**	**2018**	**2017**	**2016**
	$ 4,611,785	$ 4,320,518	$ 3,744,042	$ 2,693,067	$ 6,582,295	$ 5,940,806
	17,466,813	15,610,610	16,576,753	15,398,590	8,201,939	10,816,262
	6,966,417	5,953,631	4,736,406	4,120,104	5,940,055	5,068,698
	-	-	-	-	-	-
	29,045,015	25,884,759	25,057,201	22,211,761	20,724,289	21,825,766
	-	-	-	-	-	-
	$ 29,045,015	$ 25,884,759	$ 25,057,201	$ 22,211,761	$ 20,724,289	$ 21,825,766
	$ 100,692	$ 99,380	$ 81,091	$ 60,693	$ 61,000	$ 57,607
	1,368,045	-	2,090,667	4,673,566	571,191	-
	-	-	-	-	-	-
	1,468,737	99,380	2,171,758	4,734,259	632,191	57,607
	-	-	-	-	-	-
	$ 1,468,737	$ 99,380	$ 2,171,758	$ 4,734,259	$ 632,191	$ 57,607
	$ (27,576,278)	$ (25,785,379)	$ (22,885,443)	$ (17,477,502)	$ (20,092,098)	$ (21,768,159)
	-	-	-	-	-	-
	$ (27,576,278)	$ (25,785,379)	$ (22,885,443)	$ (17,477,502)	$ (20,092,098)	$ (21,768,159)

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 65,037,532	$ 65,192,947	$ 54,608,296	$ 51,139,480
Interest earnings	8,735,844	11,174,416	9,001,257	2,694,371
Penalty and interest	1,305,193	1,188,487	1,106,951	1,130,728
Miscellaneous	210,118	4,596,549	4,440,503	1,176,356
Intergovernmental	-	-	-	-
Other	-	-	-	-
Gain (loss) on sale of capital assets	136,235	-	282,387	-
Transfers	-	-	-	-
Total governmental activities	75,424,922	82,152,399	69,439,394	56,140,935
Business-type activities:				
Total business-type activities	-	-	-	-
Total primary government	$ 75,424,922	$ 82,152,399	$ 69,439,394	$ 56,140,935
Change in net position				
Governmental activities	$ 43,228,658	$ 55,381,376	$ 40,887,574	$ 31,987,655
Business-type activities	-	-	-	-
Total primary government (1)	$ 43,228,658	$ 55,381,376	$ 40,887,574	$ 31,987,655

(1) See Exhibit E-1 for ending net position balances for reported years.

EXHIBIT E-2
Concluded

Fiscal Year					
2021	**2020**	**2019**	**2018**	**2017**	**2016**
$ 48,776,231	$ 38,720,572	$ 35,225,673	$ 32,353,117	$ 30,504,959	$ 28,757,262
396,990	1,178,603	2,427,546	1,220,266	778,435	491,532
995,881	876,768	836,274	814,826	761,869	767,511
215,283	196,664	1,194,933	77,450	131,728	-
-	-	-	-	-	-
-	-	-	-	(309,313)	1,564,336
(16,685)	15,099	105,283	5,866	-	(7,421)
-	-	-	-	-	-
50,367,700	40,987,706	39,789,709	34,471,525	31,867,678	31,573,220
-	-	-	-	-	-
$ 50,367,700	$ 40,987,706	$ 39,789,709	$ 34,471,525	$ 31,867,678	$ 31,573,220
$ 22,791,422	$ 15,202,327	$ 16,904,266	$ 16,994,023	$ 11,775,580	$ 9,805,061
-	-	-	-	-	-
$ 22,791,422	$ 15,202,327	$ 16,904,266	$ 16,994,023	$ 11,775,580	$ 9,805,061

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
General fund:				
Nonspendable:				
Prepaids	$ 2,000	$ 1,000	$ 1,000	$ 1,000
Assigned:				
Designated for Raymondville Drain	7,823,421	7,823,421	6,171,701	2,354,793
Unassigned:	27,757,581	26,034,846	21,978,143	22,081,634
Total general fund	35,583,002	33,859,267	28,150,844	24,437,427
% change from prior year	5.1%	20.3%	15.2%	23.8%
Other governmental funds:				
Restricted:				
Special revenue	773,014	1,283,761	1,236,500	-
Drainage improvement projects	164,878,740	146,379,606	181,036,865	146,416,676
Debt service reserve	6,237,053	5,546,687	4,607,650	4,243,166
Committed for:				
TWDB	-	-	-	-
Unassigned:				
Capital projects funds	-	-	-	-
Total other governmental funds	171,888,807	153,210,054	186,881,015	150,659,842
Total governmental funds	$ 207,471,809	$ 187,069,321	$ 215,031,859	$ 175,097,269
% change from prior year	10.9%	-13.0%	22.8%	-10.0%

	Fiscal Year					
	2021	**2020**	**2019**	**2018**	**2017**	**2016**
	$ 5,681	$ 1,000	$ 14,236	$ 1,100	$ 958	$ 10,224
	1,262,504	1,162,504	1,446,923	1,349,911	1,415,469	1,694,524
	18,476,750	17,757,667	19,449,540	16,577,711	20,209,159	19,316,844
	19,744,935	18,921,171	20,910,699	17,928,722	21,625,586	21,021,592
	4.4%	-9.5%	16.6%	-17.1%	2.9%	-3.8%
	1,254.00	-	-	-	-	-
	170,964,943	88,798,284	106,833,806	33,240,955	38,082,540	43,531,469
	3,915,053	3,505,450	3,650,183	3,253,041	3,185,459	3,264,751
	-	-	-	-	-	2,054
	-	-	-	-	-	-
	174,881,250	92,303,734	110,483,989	36,493,996	41,267,999	46,798,274
	$ 194,626,185	$ 111,224,905	$ 131,394,688	$ 54,422,718	$ 62,893,585	$ 67,819,866
	75.0%	-15.4%	141.4%	-13.5%	-7.3%	-9.6%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
Revenues				
Taxes	$ 65,123,012	$ 61,618,292	$ 55,827,172	$ 53,917,869
Operating grants and contributions	-	-	-	-
Charges for services	254,846	228,873	316,780	245,254
Interest	8,735,844	11,174,416	9,001,257	2,694,371
Intergovernmental	3,522,526	5,910,539	6,505,282	5,926,989
Miscellaneous	210,118	4,596,549	4,440,503	1,176,356
Total revenues	$ 77,846,346	$ 83,528,669	$ 76,090,994	$ 63,960,839
% change from prior year	-6.8%	9.8%	19.0%	48.9%
Expenditures				
Current:				
General government	7,318,828	6,173,881	3,571,569	5,175,442
Drainage flood control	14,446,300	13,168,900	15,570,307	13,397,599
Debt service:				
Principal	26,998,000	26,788,000	23,773,000	22,393,000
SBITA principal	306,066	217,025	96,093	-
Interest and fiscal charges	9,402,184	9,963,043	8,995,215	8,765,140
Bond issuance costs	740,550	7,050	-	5,450
Advance refunding escrow	-	-	-	-
Capital outlay	44,453,749	56,022,741	45,195,518	34,053,748
SBITA subscriptions	369,131	-	-	-
Intergovernmental	-	-	-	-
Total expenditures	104,034,808	112,340,640	97,201,702	83,790,379
% change from prior year	-7.4%	15.6%	16.0%	24.4%
Excess (deficiency) of revenues over (under) expenditures	(26,188,462)	(28,811,971)	(21,110,708)	(19,829,540)
Other financing sources (uses)				
Transfers in	3,201,720	5,224,400	3,317,087	409,334
Transfers out	(3,201,720)	(5,224,400)	(3,317,087)	(409,334)
Premium (discount) on bonds issued	2,094,446	-	1,403,164	-
Payment to refunded bond escrow agent	-	-	-	-
Bonds issued	60,680,000	-	59,205,000	-
Refunding bonds issued	-	-	-	-
Refunding escrow deposit	(17,036,646)	-	-	-
Long-term notes issued	-	-	-	-
Sale of capital assets	484,019	271,864	437,134	300,624
SBITA obligations	369,131	577,569		
Total other financing sources (uses)	46,590,950	849,433	61,045,298	300,624
Net change in fund balances	$ 20,402,488	$ (27,962,538)	$ 39,934,590	$ (19,528,916)
Capital outlay	44,822,880	56,022,741	42,771,713	33,700,831
Debt service as a percentage of non-capital expenditures	62.0%	65.6%	63.2%	62.6%

Fiscal Year					
2021	**2020**	**2019**	**2018**	**2017**	**2016**
$ 40,861,852	$ 38,821,822	$ 33,706,942	$ 32,322,210	$ 30,614,346	$ 29,109,043
-	-	-	4,500,000	-	-
100,692	99,380	81,091	60,693	61,000	57,607
396,990	1,178,603	2,427,546	1,220,266	778,436	491,530
1,368,045	-	2,090,667	173,566	571,191	204,710
215,283	196,664	1,194,933	77,450	131,728	321,257
$ 42,942,862	$ 40,296,469	$ 39,501,179	$ 38,354,185	$ 32,156,701	$ 30,184,147
6.6%	2.0%	3.0%	19.3%	6.5%	-12.2%
4,611,785	4,320,519	2,929,980	2,593,065	2,772,624	2,493,024
12,465,329	10,336,862	11,734,756	11,044,060	11,057,559	14,800,681
13,020,000	13,399,023	10,145,178	9,704,513	8,809,365	7,770,774
-	-	-	-	-	-
7,435,313	8,307,957	5,120,048	5,463,045	5,940,355	5,068,697
963,488	-	814,062	100,000	61,521	666,846
-	-	-	373,680	249,917	1,350,683
28,873,344	24,134,995	19,427,379	17,684,993	8,464,605	7,336,409
-	-	-	-	-	-
-	-	-	-	-	-
67,369,259	60,499,356	50,171,403	46,963,356	37,355,946	39,487,114
11.4%	20.6%	6.8%	25.7%	-5.4%	4.0%
(24,426,397)	(20,202,887)	(10,670,224)	(8,609,171)	(5,199,245)	(9,302,967)
1,660,000	3,143,569	250,000	2,225,000	6,509,939	683,630
(1,660,000)	(3,143,569)	(250,000)	(2,225,000)	(6,509,939)	(683,630)
5,282,194	-	10,172,204	-	56,605	10,402,222
-	-	-	-	(1,955,083)	-
102,349,000	-	73,845,000	-	-	-
-	-	-	6,095,000	1,960,000	52,625,000
-	-	-	(5,995,000)	-	(62,360,377)
-	-	3,320,000	-	-	1,243,079
196,483	33,104	304,990	38,304	211,442	203,933
107,827,677	33,104	87,642,194	138,304	272,964	2,113,857
$ 83,401,280	$ (20,169,783)	$ 76,971,970	$ (8,470,867)	$ (4,926,281)	$ (7,189,110)
28,660,175	23,614,387	19,427,379	17,717,690	9,672,553	9,075,516
53.1%	59.7%	49.7%	51.8%	52.1%	46.2%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-5**

ASSESSED VALUE AND MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Real and Personal Property (1)	Less: Tax Exempt Property	Total Assessed Value (2)	Total Direct Tax Rate	Market Value	Assessed Value as a % of Market Value
2016	2015	$ 29,894,876,293	$ 4,953,993,579	$ 34,848,869,872	0.0951	$ 37,931,888,917	91.87%
2017	2016	31,757,653,439	5,152,572,150	36,910,225,589	0.0951	39,953,840,743	92.38%
2018	2017	33,025,123,406	5,498,083,420	38,523,206,826	0.0951	41,503,168,083	92.82%
2019	2018	34,732,762,896	5,911,214,122	40,643,977,018	0.0951	43,951,582,942	92.47%
2020	2019	36,453,447,769	6,208,650,091	42,662,097,860	0.0951	46,067,775,118	92.61%
2021	2020	38,339,577,535	6,322,853,097	44,662,430,632	0.1051	48,261,660,729	92.54%
2022	2021	41,104,192,204	6,529,246,696	47,633,438,900	0.1026	51,672,387,733	92.18%
2023	2022	46,399,550,026	6,926,195,055	53,325,745,081	0.1264	58,472,472,130	91.20%
2024	2023	53,161,308,115	7,571,967,632	60,733,275,747	0.1179	67,345,207,642	90.18%
2025	2024	57,068,323,719	7,965,127,274	65,033,450,993	0.1139	71,403,424,209	91.08%

(1) Includes minerals.
(2) Recalculated for Tax Roll Years 2016-2025.

Source: Hidalgo County Tax Office Levy Rolls

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-6**

MARKET, ASSESSED, AND TAXABLE VALUATIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Market Valuation	Assessed Valuation	Taxable Valuation
2016	2015	$ 37,931,888,917	$ 34,848,869,872	$ 29,894,876,293
2017	2016	39,953,840,743	36,910,225,589	31,757,653,439
2018	2017	41,503,168,083	38,523,206,826	33,025,123,406
2019	2018	43,951,852,942	40,643,977,018	34,732,762,896
2020	2019	46,067,775,118	42,662,097,860	36,453,447,769
2021	2020	48,261,660,729	44,662,430,632	38,339,577,535
2022	2021	51,672,387,733	47,633,438,900	41,104,192,204
2023	2022	58,472,472,130	53,325,745,081	46,399,550,026
2024	2023	67,345,207,642	60,733,275,747	53,161,308,115
2025	2024	71,403,424,209	65,033,450,993	57,068,323,719

Source: Hidalgo County Tax Office Levy Rolls

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-7**
PROPERTY TAX RATES (1)
LAST TEN FISCAL YEARS

Fiscal Year:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tax Roll Year:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Hidalgo County Drainage District No. 1											
Operating:											
General Fund	0.0495	0.0460	0.0500	0.0528	0.0545	0.0524	0.0521	0.0502	0.0496	0.0481	0.0466
Total Operating	0.0495	0.0460	0.0500	0.0528	0.0545	0.0524	0.0521	0.0502	0.0496	0.0481	0.0466
Debt Service:											
Unlimited Tax Improvement Bonds, Series 2007	-	-	-	-	-	-	-	-	-	0.0074	0.0491
Unlimited Tax Improvement Bonds, Series 2008	-	-	-	-	-	-	-	0.0113	0.0119	0.0200	-
Unlimited Tax Improvement Bonds, Series 2013	0.0078	0.0101	0.0115	0.0128	0.0137	0.0144	0.0095	0.0165	0.0176	0.0186	-
Unlimited Tax Refunding Bonds, Series 2014	0.0034	0.0039	0.0006	0.0007	0.0008	0.0008	0.0009	0.0009	0.0009	0.0010	-
Unlimited Tax Refunding Bonds, Series 2016	0.0097	0.0097	0.0151	0.0169	0.0184	0.0193	0.0206	0.0101	0.0151	-	-
Unlimited Tax Refunding Bonds, Series 2018	-	-	-	-	-	0.0057	0.0120	0.0061	-	-	-
Unlimited Tax Improvement Bonds, Series 2019	0.0098	0.0114	0.0125	0.0140	0.0152	0.0125	-	-	-	-	-
Unlimited Tax Improvement Bonds, Series 2021 (TWDB FIF Loan)	0.0012	0.0014	0.0016	0.0018	-	-	-	-	-	-	-
Unlimited Tax Improvement Bonds, Series 2021	0.0029	0.0032	0.0038	0.0042	-	-	-	-	-	-	-
Unlimited Tax Improvement Bonds, Taxable Series 2021A	0.0020	0.0215	0.0228	0.0232	-	-	-	-	-	-	-
Unlimited Tax Improvement Bonds, Series 2023	0.0260	0.0067	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	0.0628	0.0679	0.0679	0.0736	0.0481	0.0527	0.0430	0.0449	0.0455	0.0470	0.0491
Total Hidalgo County Drainage District No. 1	0.1123	0.1139	0.1179	0.1264	0.1026	0.1051	0.0951	0.0951	0.0951	0.0951	0.0957
Hidalgo County Drainage District No. 1											
Operating	0.0495	0.0460	0.0500	0.0528	0.0545	0.0524	0.0521	0.0502	0.0496	0.0481	0.0466
Debt Service	0.0628	0.0679	0.0679	0.0736	0.0481	0.0527	0.0430	0.0449	0.0455	0.0470	0.0491
Total Hidalgo County Drainage District No. 1	0.1123	0.1139	0.1179	0.1264	0.1026	0.1051	0.0951	0.0951	0.0951	0.0951	0.0957

(1) These property tax rates are expressed in dollars per $100 assessed valuation.

Source: Hidalgo County Drainage District No. 1 Tax Rolls

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-8**

PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tax Roll Year:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Hidalgo County	0.5750	0.5750	0.5750	0.5750	0.5750	0.5800	0.5800	0.5800	0.5900	0.5900
Drainage District No. 1	0.1123	0.1139	0.1179	0.1264	0.1026	0.1051	0.0951	0.0951	0.0951	0.0951
EMS District No. 1	0.0269	0.0169	0.0192	0.0195	0.0196	0.0200	0.0194	0.0176	0.0200	0.0185
EMS District No. 2	0.0296	0.0320	0.0347	0.0347	0.0352	0.0360	0.0360	0.0380	0.0380	0.0361
EMS District No. 3	0.0074	0.0154	0.0177	0.0197	0.0227	0.0245	0.0257	0.0285	0.0300	0.0300
EMS District No. 4	0.0219	0.0225	0.0241	0.0246	0.0246	0.0253	0.0252	0.0254	0.0272	0.0027
Red Sands GWC District	0.1463	0.1463	0.1528	0.1528	0.1528	0.1528	0.1528	0.1690	0.1690	0.1690
City of Alamo	0.6022	0.5801	0.5817	0.5817	0.5817	0.5817	0.5817	0.5565	0.5810	0.5881
City of Alton	0.4367	0.4367	0.4367	0.4367	0.4367	0.4440	0.4440	0.4440	0.4490	0.4540
City of Donna	0.6646	0.6653	0.7479	0.7785	0.7889	0.7889	0.7989	0.7989	0.8800	0.9828
City of Edcouch	0.8456	0.8456	0.8456	0.8456	0.9152	0.9654	0.9687	0.9154	0.9286	0.9286
City of Edinburg	0.6300	0.6300	0.6400	0.6800	0.6800	0.6800	0.6350	0.6350	0.6350	0.6350
City of Elsa	0.7908	0.7897	0.7961	0.8237	0.8832	0.8832	0.8822	0.9018	0.9177	0.8566
City of Granjeno	0.4342	0.4342	0.4342	0.4342	0.4448	0.4607	0.4607	0.4469	0.4419	0.4251
City of Hidalgo	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514	0.3514
City of La Joya	0.5898	0.5798	0.5898	0.5898	0.5898	0.5904	0.5668	0.5251	0.5394	0.5435
City of La Villa	0.8193	0.7929	0.7929	0.7929	0.7929	0.7929	0.7836	0.7836	0.7836	0.7836
City of McAllen	0.4499	0.4572	0.4799	0.4956	0.4956	0.4957	0.4792	0.4763	0.4763	0.4763
City of Mercedes	0.7850	0.7750	0.7750	0.7750	0.7450	0.7450	0.7450	0.7450	0.7450	0.7551
City of Mission	0.5580	0.5276	0.5299	0.5299	0.5299	0.5212	0.4862	0.4862	0.4962	0.4988
City of Palmview	0.5700	0.5586	0.5346	0.5001	0.4901	0.5001	0.5001	0.5001	0.4751	0.4751
City of Peñitas	0.5562	0.5562	0.5562	0.5562	0.5562	0.5562	0.5562	0.5562	0.5060	0.5060
City of Pharr	0.7676	0.7676	0.7176	0.7176	0.7176	0.7176	0.6490	0.6490	0.6540	0.6540
City of Progreso	0.6980	0.6980	0.7636	0.8291	0.8429	0.8429	0.8129	0.7840	0.7961	0.8061
City of San Juan	0.6765	0.6765	0.6765	0.6876	0.6926	0.6993	0.6993	0.6993	0.6993	0.6993
City of Sullivan	0.5000	0.5000	0.5000	0.4838	0.4838	0.5000	0.5000	0.5000	0.4606	0.4668
City of Weslaco	0.6867	0.6867	0.6967	0.6967	0.6967	0.6967	0.6667	0.6667	0.6667	0.6767
Donna ISD	1.1028	1.0709	1.1199	1.1199	1.1304	1.2267	1.2582	1.2582	1.2582	1.2582
Edcouch-Elsa ISD	1.1325	1.1325	1.2175	1.2175	1.2580	1.2580	1.2580	1.2580	1.2580	1.2580
Edinburg CISD	0.8727	0.8750	1.0604	1.1057	1.1382	1.1382	1.2398	1.2398	1.2398	1.2398
Hidalgo ISD	1.1963	1.2028	1.2321	1.2765	1.2765	1.2963	1.4700	1.4700	1.4900	1.5300
La Joya ISD	1.0533	1.0661	1.2700	1.2662	1.3110	1.3110	1.3110	1.3110	1.3110	1.3110
La Villa ISD	1.2781	1.2465	1.4477	1.4477	1.4838	1.4838	1.4838	1.3038	1.3038	1.3038
McAllen ISD	0.9966	0.9892	1.0964	1.1370	1.1386	1.1528	1.1550	1.1550	1.1550	1.1550
Mercedes ISD	1.1269	1.0960	1.3450	1.3520	1.3519	1.2784	1.3800	1.3800	1.3800	1.3800
Mission CISD	1.1130	1.1130	1.1130	1.1332	1.1993	1.2396	1.3398	1.3502	1.3582	1.3720
Monte Alto ISD	1.1868	1.1892	1.1946	1.2234	1.2380	1.3500	1.3500	1.3500	1.3500	1.3500
Pharr-San Juan-Alamo ISD	1.0160	1.0183	1.1837	1.2167	1.2675	1.2725	1.3792	1.3892	1.3992	1.3992
Progreso ISD	1.3029	1.3029	1.3299	1.2600	1.2600	1.3200	1.3900	1.3900	1.3900	1.3700
Sharyland ISD	0.9575	0.9575	1.1234	1.1593	1.2808	1.2987	1.3755	1.3755	1.3755	1.3355
South Texas College	0.1620	0.1562	0.1615	0.1715	0.1718	0.1733	0.1780	0.1850	0.1850	0.1850
South Texas ISD	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492	0.0492
Valley View ISD	1.1599	1.1599	1.2453	1.2770	1.2770	1.2770	1.2770	1.2770	1.2770	1.2770
Weslaco ISD	0.9481	0.9464	0.9593	0.9807	1.0189	1.0687	1.1597	1.1597	1.1397	1.1397
Delta Lake Irrigation	-	-	-	-	-	-	-	-	-	-
Donna Irrigation District No. 1	-	-	-	-	-	-	-	-	-	-
Engleman Water District #6	-	-	-	-	-	-	-	-	-	-

(1) These property tax rates are expressed in dollars per $100 assessed valuation.
Source: Hidalgo County Tax Office

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-9**

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Fiscal Year:	2024				2016			
Tax Roll Year:	2023				2015			
Taxpayer	Taxable Value (1)	Rank	Tax as a % of Total Levy (2)	Tax (3)	Taxable Value	Rank	Tax as a % of Total Levy (2)*	Tax (3)*
AEP Texas Central Co (CP&L)	$ 554,506,090	1	0.97%	$ 622,710	$ 243,423,570	1	0.81%	$ 231,496
Simon Property Group-McAllen No 2	158,158,612	2	0.28%	177,612	115,303,024	3	0.39%	109,653
Electric Transmission of Texas	126,368,220	3	0.22%	141,912				
Day Surgery at Renaissance LLC	125,988,729	4	0.22%	141,485	49,122,346	10	0.16%	46,715
H E Butt Grocery Company	117,506,746	5	0.21%	131,960	105,032,930	2	0.35%	99,886
CPG Mercedes LP	112,000,000	6	0.20%	125,776	71,900,000	4	0.24%	68,377
Ignacio Grid LLC	66,012,830	7	0.12%	74,132				
Madero Grid LLC	66,012,830	8	0.12%	74,132				
Trenton Street Corporation	74,925,700	9	0.13%	84,142				
Big Sky Commercial Property	69,109,702	10	0.12%	77,610				
Rio Grande Regional Hospital			0.00%	-	54,415,269	9	0.18%	51,749
Wal-Mart Stores Texas LLC					60,727,882	8	0.20%	57,752
Frontera Generation LTD Partnership					60,508,140	5	0.20%	57,543
Calpine Const Fin (Magic VY GN)					61,014,790	7	0.20%	58,025
Sharyland Utilities LP					64,126,670	6	0.21%	60,984
Total	$ 1,470,589,459		2.58%	$ 1,651,471	$ 885,574,621		2.98%	$ 842,181

(1) Appraisal District certified values for Fiscal Year 2025 and Tax Roll Year 2024.

	2024	2016
(2) Total tax levy is:	$ 64,147,360	$ 28,458,055
(3) Tax rate is:	$ 0.1123	$ 0.0951

Source: Hidalgo County Appraisal District and 2015 Hidalgo County Annual Financial Report

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-10**

PROPERTY TAX LEVY AND
RESERVE FOR UNCOLLECTIBLE TAXES
FISCAL YEAR 2025

	Tax Levy (1)	Reserved For Uncollectible Taxes	Current Tax Levy Net of Uncollectible Amount
Hidalgo County Drainage District No. 1			
Operating:			
General Fund	$ 28,275,105	$ 137,108	$ 28,412,213
Total Operating	28,275,105	137,108	28,412,213
Debt Service:			
Total Debt Service	35,872,255	173,947	36,046,202
Total Hidalgo County Drainage District No. 1	$ 64,147,360	$ 311,055	$ 64,458,415

(1) Hidalgo County Tax Assessor & Collector 2025 Tax Roll
Source: District Financial Statements

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
PROPERTY TAX LEVIES
LAST TEN FISCAL YEARS

Fiscal Year:	2025	2024	2023	2022	2021
Tax Roll Year:	2024	2023	2022	2021	2020
Hidalgo County Drainage District No. 1					
Operating:					
General Fund	$ 28,275,105	$ 24,482,102	$ 23,263,020	$ 21,726,120	$ 20,921,462
Total Operating	28,275,105	24,482,102	23,263,020	21,726,120	20,921,462
Debt Service:					
Debt Service	35,872,255	36,137,711	31,591,181	30,284,895	18,464,630
Total Debt Service	35,872,255	36,137,711	31,591,181	30,284,895	18,464,630
Total Hidalgo County Drainage District No. 1	$ 64,147,360	$ 60,619,813	$ 54,854,201	$ 52,011,015	$ 39,386,092

Source: Hidalgo County Tax Office

EXHIBIT E-11

	2020 2019		2019 2018		2018 2017		2017 2016		2016 2015
$	19,124,661	$	18,113,366	$	16,928,721	$	15,767,873	$	14,393,611
	19,124,661		18,113,366		16,928,721		15,767,873		14,393,611
	19,234,152		14,949,612		14,881,620		14,464,481		14,064,444
	19,234,152		14,949,612		14,881,620		14,464,481		14,064,444
$	38,358,813	$	33,062,978	$	31,810,341	$	30,232,354	$	28,458,055

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
DELINQUENT TAXES RECEIVABLE
NET OF UNCOLLECTIBLES (INCLUDING ROLLBACK TAXES)
LAST TEN FISCAL YEARS

Fiscal Year:	2025	2024	2023	2022	2021	2020
Tax Roll Year:	2024	2023	2022	2021	2020	2019
Drainage District No. 1						
Operating	$ 1,051,873	$ 544,581	$ 340,221	$ 210,983	$ 150,084	$ 122,220
Debt Service	1,334,409	803,726	461,997	294,124	132,454	122,906
Total Drainage District No. 1	$ 2,386,283	$ 1,348,307	$ 802,218	$ 505,107	$ 282,538	$ 245,126

Source: Hidalgo County Delinquent Tax Roll as of December 31, 2025

EXHIBIT E-12

2019 2018	2018 2017	2017 2016	2016 2015	Not Barred By Limitation	Reserve for Loss on Collections	Net Property Taxes Receivable
$ 102,758	$ 84,267	$ 79,283	$ 68,392	$ 2,819,086	$ (1,176,338)	$ 1,642,748
91,896	77,288	72,716	66,826	4,160,577	(1,224,228)	2,936,349
$ 194,654	$ 161,555	$ 151,999	$ 135,218	$ 6,979,663	$ (2,400,566)	$ 4,579,097

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Taxable Value	Tax Rate	Late Productivity Penalties	Original Tax Levy	Tax Roll Modifications (3)	Adjusted Tax Levy
2016	2015	$ 29,894,876,293	0.0951	-	$ 28,458,055	$ 100,213	$ 28,558,268
2017	2016	31,757,653,435	0.0951	-	30,232,354	(128,491)	30,103,863
2018	2017	33,274,220,252	0.0951	-	31,437,136	206,648	31,643,784
2019	2018	34,732,762,896	0.0951	-	33,062,978	(17,332)	33,045,646
2020	2019	36,453,447,769	0.1051	-	38,358,814	35,432	38,394,246
2021	2020	38,339,577,535	0.1026	-	39,386,092	391,393	39,777,485
2022	2021	41,104,192,204	0.1264	-	52,011,015	1,139,602	53,150,617
2023	2022	46,399,550,026	0.1179	-	54,854,201	426,764	55,280,965
2024	2023	53,161,308,115	0.1139	-	60,619,813	864,362	61,484,175
2025	2024	57,068,323,719	0.1123	-	64,147,360	537,364	64,684,724

(1) Taxes collected for the year are allocated between current and delinquent. Taxes recognized as revenues during the current year include taxes collected in advance during the period October through December of the previous year and those taxes collected from January through December for the current year.
(2) Excludes rollback taxes
Source: Hidalgo County Tax Office Collection Reports.
(3) Tax Roll Modifications were updated to reflect correct amount.

EXHIBIT E-13

Current Tax Collections	Percent of Adjusted Tax Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections to Adjusted Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Adjusted Tax Levy
$ 27,407,235	96.13%	$ 449,461	$ 27,856,696	97.71%	$ 442,385	1.55%
28,908,857	96.12%	490,751	29,399,608	97.75%	658,219	2.19%
30,450,951	96.23%	1,056,432	31,507,383	99.57%	1,144,623	3.62%
31,815,307	96.28%	1,055,361	32,870,668	99.47%	1,203,592	3.64%
37,005,718	96.38%	939,336	37,945,054	98.83%	1,353,198	3.52%
38,560,878	96.94%	1,305,089	39,865,967	100.22%	1,171,729	2.95%
51,529,940	96.95%	1,257,202	52,787,142	99.32%	1,568,006	2.95%
53,369,392	96.54%	1,350,827	54,720,219	98.99%	1,850,438	3.35%
59,162,154	96.22%	1,268,946	60,431,100	98.29%	2,246,361	3.65%
62,243,255	96.23%	1,574,567	63,817,822	98.66%	2,386,283	3.69%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-14**

ROLLBACK TAXES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year (1)	Tax Roll Year	Beginning Rollback Taxes Receivable	Tax Roll Modifications (2)	Adjusted Rollback Taxes Receivable	Rollback Taxes Collected	Ending Rollback Taxes Receivable	Percent of Total Rollback Taxes Collected
2016	2015	$ 51,016	$ 76,025	$ 127,041	$ 101,790	$ 25,251	80.12%
2017	2016	25,251	163,826	189,077	88,304	100,773	46.70%
2018	2017	100,773	46,758	147,531	104,310	43,221	70.70%
2019	2018	43,221	101,613	144,834	103,938	40,896	71.76%
2020	2019	40,895	61,333	102,228	59,011	43,217	57.72%
2021	2020	43,217	84,385	127,602	85,526	42,076	67.03%
2022	2021	42,077	90,405	132,482	89,235	43,247	67.36%
2023	2022	43,247	195,370	238,617	186,198	52,419	78.03%
2024	2023	52,419	49,200	101,619	73,374	28,245	72.20%
2025	2024	28,245	191,044	219,289	138,144	81,145	63.00%

(1) As of January 1 of each year.

(2) All rollback taxes added to the tax roll are entered as tax modifications.

Source: Hidalgo County Tax Office Collection Reports.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-15**

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activity						
Fiscal Year	General Obligation Bonds(2)	Special District Bonds	Term Loans	SBITAs (3)	Total Government	Percentage of Personal Income (1)	Per Capita (1)
2016	$ 151,437,587	$ -	$ 993,079	$ -	$ 152,430,666	0.72%	179
2017	140,475,996	-	793,714	-	141,269,710	0.64%	164
2018	128,714,171	-	584,201	-	129,298,372	0.94%	149
2019	200,330,095	-	3,684,023	-	204,014,118	0.89%	235
2020	186,098,274	-	1,660,000	-	187,758,274	0.79%	215
2021	279,744,255	-	-	-	279,744,255	1.03%	318
2022	254,880,224	-	-	-	254,880,224	0.93%	287
2023	289,586,967	-	-	37,822	289,624,789	0.97%	322
2024	260,933,823	-	-	398,368	261,332,191	0.85%	286
2025	277,627,527	-	-	341,587	277,969,114	0.86%	302

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in Exhibit E-28

(2) 2019 has been restated to include premiums

(3) Beginning in fiscal year 2023, the District No.1 implemented GASB Statement 96 which provided new guidance for recognizing and recording software subscriptions

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-16**

RATIO OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds(4)	Special District Bonds	Gross Bonded Debt	Less: Amounts Restricted to Repaying Debt (1)	Net Bonded Debt	Percentage of Actual Value of Taxable Property (2)	Net Bonded Debt per Capita (3)
2016	$ 151,437,587	$ -	$ 151,437,587	$ (3,264,751)	$ 148,172,836	0.50%	174
2017	140,475,856	-	140,475,856	(3,185,459)	137,290,397	0.43%	160
2018	128,714,171	-	128,714,171	(3,253,041)	125,461,130	0.33%	145
2019	200,330,095	-	200,330,095	(3,650,183)	196,679,912	0.57%	226
2020	186,098,274	-	186,098,274	(3,505,450)	182,592,824	0.50%	209
2021	279,744,255	-	279,744,255	(3,915,053)	275,829,202	0.72%	313
2022	254,880,224	-	254,880,224	(4,243,166)	250,637,058	0.61%	282
2023	289,586,967	-	289,586,967	(4,607,650)	284,979,317	0.61%	317
2024	260,933,823	-	260,933,823	(5,546,687)	255,387,136	0.48%	279
2025	277,627,527	-	277,627,527	(6,236,053)	271,391,474	0.48%	294

(1) Amount available for repayment of general obligation bonds as of December 31st.

(2) See Exhibit E-5 for property value data.

(3) See Exhibit E-28 for population data.

(4) 2019 has been reinstated to include premiums

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-17**

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures (2)	Ratio Debt Service to General Governmental Expenditures
2016	$ 7,395,000	$ 6,761,762	$ 14,156,762	$ 39,487,114	35.85%
2017	8,610,000	5,889,430	14,499,430	37,355,946	38.81%
2018	9,495,000	2,655,646	12,150,646	46,963,356	25.87%
2019	10,145,178	5,117,648	15,262,826	49,357,341	30.92%
2020	11,375,000	8,285,801	19,660,801	60,499,356	32.50%
2021	11,360,000	7,435,313	18,795,313	67,368,675	27.90%
2022	22,393,000	8,765,139	31,158,139	83,790,379	37.19%
2023	23,773,000	8,381,998	32,154,998	61,045,298	52.67%
2024	26,788,000	9,962,030	36,750,030	111,538,997	32.95%
2025	26,998,000	9,374,136	36,372,136	104,034,808	34.96%

(1) Excludes bond issuance, SBITAs and other costs
(2) Includes general, special revenue, debt service, and capital projects funds.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-18**

DIRECT AND OVERLAPPING BONDED DEBT
DECEMBER 31, 2025

Jurisdiction		Gross Debt Less Cash Improvements	Percentage Applicable to Hidalgo County Drainage District No.1	Amount Applicable to Hidalgo County as of		Amount Applicable to Hidalgo County Drainage District No.1
Direct Debt:						
Hidalgo County Drainage District No. 1	$	277,627,527	100%	12/31/2025	$	277,627,527
Total Direct Debt		277,627,527				277,627,527
Overlapping Debt:						
Independent School Districts:						
Donna	$	154,736,958	100%	12/31/2025	$	154,396,537
Edcouch - Elsa		20,787,844	100%	12/31/2025		20,787,844
Edinburg		102,635,000	92%	12/31/2025		94,342,092
Hidalgo		46,586,707	100%	12/31/2025		46,586,707
La Joya		152,817,680	76%	12/31/2025		116,447,072
La Villa		7,355,000	100%	12/31/2025		7,355,000
McAllen		50,461,000	100%	12/31/2025		50,461,000
Mercedes		33,395,200	100%	12/31/2025		33,395,200
Mission		82,128,000	100%	12/31/2025		82,128,000
Monte Alto		8,785,000	90%	12/31/2025		7,907,379
Pharr - San Juan - Alamo		216,895,000	100%	12/31/2025		216,895,000
Progreso		22,945,000	100%	12/31/2025		22,945,000
Sharyland		68,670,000	100%	12/31/2025		68,670,000
Valley View		26,725,569	100%	12/31/2025		26,725,569
Weslaco		202,308,447	100%	12/31/2025		202,308,447
Cities:						
Alamo		8,850,084	100%	12/31/2025		8,850,084
Alton		22,343,000	100%	12/31/2025		22,343,000
Donna		37,799,954	100%	12/31/2025		37,799,954
Edcouch		1,470,000	100%	12/31/2025		1,470,000
Edinburg		98,248,822	100%	12/31/2025		98,248,822
Elsa		5,330,000	100%	12/31/2025		5,330,000
Hidalgo County		410,610,000	96%	12/31/2025		395,088,942
Hidalgo		4,212,000	100%	12/31/2025		4,212,000
La Joya		5,251,000	1.10%	12/31/2025		57,761
La Villa		4,293,000	100%	12/31/2025		4,293,000
McAllen		68,426,673	99.93%	12/31/2025		68,378,774
Mercedes		17,405,089	99.60%	12/31/2025		17,335,469
Mission		47,355,000	99.94%	12/31/2025		47,326,587
Palmview		15,338,000	100%	12/31/2025		15,338,000
Penitas		10,628,952	7.52%	12/31/2025		799,297
Pharr		58,720,888	100%	12/31/2025		58,720,888
Progreso		970,000	100%	12/31/2025		970,000
San Juan		48,109,702	100%	12/31/2025		48,109,702
Weslaco		78,458,222	100%	12/31/2025		78,458,222
Road Districts:						
Road District No. 5		-	100%	12/31/2025		-
County Line School Districts:						
Lyford		22,804,000	0.97%	12/31/2025		221,199
South Texas College District		72,346,913	90.62%	12/31/2025		65,560,773
Total Overlapping Debt		2,236,203,704				2,130,263,318
Total Direct and Overlapping Debt	$	2,513,831,231			$	2,407,890,845

Source: The information contained in this statement was provided by the Municipal Advisory Council of Texas (12/31/2025) and is subject to the same disclaimer as given by the Council. The Municipal Advisory Council of Texas utilizes an internal program that calculates the overlapping debt percentages using the Net Taxable Assessed Values.

COUNTY OF HIDALGO, TEXAS

LEGAL DEBT MARGIN INFORMATION

	Fiscal Year			
	2025	2024	2023	2022
Assessed Value (1) (3)	$ 57,068,323,719	$ 53,161,308,115	$ 46,399,550,026	$ 41,104,192,204
Debit limit, 25 % of Assessed Value (2)	14,267,080,930	13,290,327,029	11,599,887,507	10,276,048,051
Debt Applicable to Limitation:				
Bonded debt:				
County Wide				
Special Road Districts	-	-	-	-
Drainage District No. 1	278,245,876	260,933,823	289,586,967	254,880,224
Total bonded debt	278,245,876	260,933,823	289,586,967	254,880,224
Less: amounts available for repayment of general obligation bonds				
Drainage District No. 1	(6,236,053)	(5,546,687)	(4,607,650)	(4,243,166)
Total amount available for repayment of general obligation bonds	(6,236,053)	(5,546,687)	(4,607,650)	(4,243,166)
Total debt applicable to limitation	272,009,823	255,387,136	284,979,317	250,637,058
Legal Debt Margin	$ 13,995,071,107	$ 13,034,939,893	$ 11,314,908,190	$ 10,025,410,993
Total net debt applicable to the limit as a percentage of debt limit	1.91%	1.92%	2.46%	2.44%

(1) FY 2023-2014 Real Estate Assessed Valuation (Hidalgo County Tax Office Levy Rolls)

(2) Texas Constitution, Article III, Section 52-Under legislative provision, the County may issued bonds in any amount not to exceed one fourth of the assessed valuation of the real property.

(3) Recalculated for Tax Roll Years 2008-2014 and 2016.

EXHIBIT E-19

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 38,339,577,535	$ 36,453,447,769	$ 34,732,762,896	$ 33,025,123,406	$ 32,379,158,320	$ 34,063,956,028
9,584,894,384	9,113,361,942	8,683,190,724	8,256,280,852	8,094,789,580	8,515,989,007
-	-	-	-	-	-
279,744,255	186,098,274	183,725,000	119,805,000	131,260,000	137,910,000
279,744,255	186,098,274	183,725,000	119,805,000	131,260,000	137,910,000
(3,915,053)	(3,505,450)	(3,650,183)	(3,253,032)	(3,185,459)	(3,264,751)
(3,915,053)	(3,505,450)	(3,650,183)	(3,253,032)	(3,185,459)	(3,264,751)
275,829,202	182,592,824	180,074,817	116,551,968	128,074,541	134,645,249
$ 9,309,065,182	$ 8,930,769,118	$ 8,503,115,907	$ 8,139,728,884	$ 7,966,715,039	$ 8,381,343,758
2.88%	2.00%	2.07%	1.41%	1.58%	1.58%

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-20**

UNLIMITED TAX IMPROVEMENT BONDS SERIES 2013

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 549,075	$ 549,075
9/1/2026	2.500%	2,600,000	549,075	3,149,075
3/1/2027		-	516,575	516,575
9/1/2027	3.000%	2,645,000	516,575	3,161,575
3/1/2028		-	476,900	476,900
9/1/2028	3.130%	4,100,000	476,900	4,576,900
3/1/2029		-	412,837	412,837
9/1/2029	3.130%	4,800,000	412,838	5,212,838
3/1/2030		-	337,838	337,838
9/1/2030	3.250%	4,950,000	337,837	5,287,837
3/1/2031		-	257,400	257,400
9/1/2031	3.250%	5,110,000	257,400	5,367,400
3/1/2032		-	174,363	174,363
9/1/2032	3.250%	5,280,000	174,362	5,454,362
3/1/2033		-	88,563	88,563
9/1/2033	3.250%	5,450,000	88,562	5,538,562
	TOTALS	$ 34,935,000	$ 5,627,100	$ 40,562,100

DATE: April 2, 2013

ISSUED: $77,130,000

PAYABLE: U.S. Bank

CALL OPTION: Bonds maturing on and after 09/1/2024 are callable in whole or in part on any date beginning 09/1/2023 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-21**

UNLIMITED TAX REFUNDING BONDS SERIES 2014

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 38,900	$ 38,900
9/1/2026	4.000%	1,945,000	38,900	1,983,900
	TOTALS	$ 1,945,000	$ 77,800	$ 2,022,800

DATE: December 30, 2014

ISSUED: $7,810,000

PAYABLE: U.S. Bank

CALL OPTION: Bonds maturing on and after 09/1/2025 are callable in whole or in part on any date beginning 09/1/2024 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-22**

UNLIMITED TAX IMPROVEMENT BONDS SERIES 2019

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 1,286,375	$ 1,286,375
9/1/2026	5.000%	3,020,000	1,286,375	4,306,375
3/1/2027		-	1,210,875	1,210,875
9/1/2027	5.000%	3,175,000	1,210,875	4,385,875
3/1/2028		-	1,131,500	1,131,500
9/1/2028	5.000%	3,330,000	1,131,500	4,461,500
3/1/2029		-	1,048,250	1,048,250
9/1/2029	5.000%	3,495,000	1,048,250	4,543,250
3/1/2030		-	960,875	960,875
9/1/2030	5.000%	3,670,000	960,875	4,630,875
3/1/2031		-	869,125	869,125
9/1/2031	5.000%	3,855,000	869,125	4,724,125
3/1/2032		-	772,750	772,750
9/1/2032	5.000%	4,050,000	772,750	4,822,750
3/1/2033		-	671,500	671,500
9/1/2033	4.000%	4,250,000	671,500	4,921,500
3/1/2034		-	586,500	586,500
9/1/2034	4.000%	4,420,000	586,500	5,006,500
3/1/2035		-	498,100	498,100
9/1/2035	4.000%	4,600,000	498,100	5,098,100
3/1/2036		-	406,100	406,100
9/1/2036	4.000%	4,780,000	406,100	5,186,100
3/1/2037		-	310,500	310,500
9/1/2037	4.000%	4,975,000	310,500	5,285,500
3/1/2038		-	211,000	211,000
9/1/2038	4.000%	5,170,000	211,000	5,381,000
3/1/2039		-	107,600	107,600
9/1/2039	4.000%	5,380,000	107,600	5,487,600
TOTALS		$ 58,170,000	$ 20,142,100	$ 78,312,100

DATE: June 15, 2019

ISSUED: $73,845,000

PAYABLE: U.S. Bank

CALL OPTION: Bonds maturing on and after 09/1/2028 are callable in whole or in part on any date beginning 09/1/2027 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-23**
UNLIMITED TAX IMPROVEMENT BONDS SERIES 2021 (TWDB FIF Loan)
SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ -	$ -
9/1/2026	0.000%	763,000	-	763,000
3/1/2027		-	-	-
9/1/2027	0.000%	763,000	-	763,000
3/1/2028		-	-	-
9/1/2028	0.000%	763,000	-	763,000
3/1/2029		-	-	-
9/1/2029	0.000%	763,000	-	763,000
3/1/2030		-	-	-
9/1/2030	0.000%	762,000	-	762,000
3/1/2031		-	-	-
9/1/2031	0.000%	762,000	-	762,000
3/1/2032		-	-	-
9/1/2032	0.000%	762,000	-	762,000
3/1/2033		-	-	-
9/1/2033	0.000%	762,000	-	762,000
3/1/2034		-	-	-
9/1/2034	0.000%	762,000	-	762,000
3/1/2035		-	-	-
9/1/2035	0.000%	762,000	-	762,000
3/1/2036		-	-	-
9/1/2036	0.000%	762,000	-	762,000
3/1/2037		-	-	-
9/1/2037	0.000%	762,000	-	762,000
3/1/2038		-	-	-
9/1/2038	0.000%	762,000	-	762,000
3/1/2039		-	-	-
9/1/2039	0.000%	762,000	-	762,000
3/1/2040		-	-	-
9/1/2040	0.000%	762,000	-	762,000
3/1/2041		-	-	-
9/1/2041	0.000%	762,000	-	762,000
3/1/2042		-	-	-
9/1/2042	0.000%	762,000	-	762,000
3/1/2043		-	-	-
9/1/2043	0.000%	762,000	-	762,000
3/1/2044		-	-	-
9/1/2044	0.000%	762,000	-	762,000
3/1/2045		-	-	-
9/1/2045	0.000%	762,000	-	762,000
3/1/2046		-	-	-
9/1/2046	0.000%	762,000	-	762,000
3/1/2047		-	-	-
9/1/2047	0.000%	762,000	-	762,000
3/1/2048		-	-	-
9/1/2048	0.000%	762,000	-	762,000
3/1/2049		-	-	-
9/1/2049	0.000%	762,000	-	762,000
3/1/2050		-	-	-
9/1/2050	0.000%	762,000	-	762,000
3/1/2051		-	-	-
9/1/2051	0.000%	763,000	-	763,000
TOTALS		$ 19,817,000	$ -	$ 19,817,000

DATE: June 15, 2021
ISSUED: $22,869,000
PAYABLE: U.S. Bank
CALL OPTION: On any date, the Bonds may be redeemed prior to their scheduled maturities, at the option of the District, with funds provided by the District, at par to the date fixed for redemption as a whole, or in part.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-24**
UNLIMITED TAX IMPROVEMENT BONDS SERIES 2021
SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 489,425	$ 489,425
9/1/2026	5.000%	810,000	489,425	1,299,425
3/1/2027		-	469,175	469,175
9/1/2027	5.000%	850,000	469,175	1,319,175
3/1/2028		-	447,925	447,925
9/1/2028	5.000%	890,000	447,925	1,337,925
3/1/2029		-	425,675	425,675
9/1/2029	5.000%	935,000	425,675	1,360,675
3/1/2030		-	402,300	402,300
9/1/2030	5.000%	980,000	402,300	1,382,300
3/1/2031		-	377,800	377,800
9/1/2031	5.000%	1,030,000	377,800	1,407,800
3/1/2032		-	352,050	352,050
9/1/2032	4.000%	1,080,000	352,050	1,432,050
3/1/2033		-	330,450	330,450
9/1/2033	4.000%	1,125,000	330,450	1,455,450
3/1/2034		-	307,950	307,950
9/1/2034	4.000%	1,170,000	307,950	1,477,950
3/1/2035		-	284,550	284,550
9/1/2035	4.000%	1,215,000	284,550	1,499,550
3/1/2036		-	260,250	260,250
9/1/2036	4.000%	1,265,000	260,250	1,525,250
3/1/2037		-	234,950	234,950
9/1/2037	4.000%	1,315,000	234,950	1,549,950
3/1/2038		-	208,650	208,650
9/1/2038	3.000%	1,370,000	208,650	1,578,650
3/1/2039		-	188,100	188,100
9/1/2039	3.000%	1,410,000	188,100	1,598,100
3/1/2040		-	166,950	166,950
9/1/2040	3.000%	1,455,000	166,950	1,621,950
3/1/2041		-	145,125	145,125
9/1/2041	3.000%	1,495,000	145,125	1,640,125
3/1/2042		-	122,700	122,700
9/1/2042	3.000%	1,540,000	122,700	1,662,700
3/1/2043		-	99,600	99,600
9/1/2043	3.000%	1,585,000	99,600	1,684,600
3/1/2044		-	75,825	75,825
9/1/2044	3.000%	1,635,000	75,825	1,710,825
3/1/2045		-	51,300	51,300
9/1/2045	3.000%	1,685,000	51,300	1,736,300
3/1/2046		-	26,025	26,025
9/1/2046	3.000%	1,735,000	26,025	1,761,025
TOTALS		$ 26,575,000	$ 10,933,550	$ 37,508,550

DATE: October 1, 2021
ISSUED: $29,570,000
PAYABLE: U.S. Bank
CALL OPTION: Bonds maturing on and after 9/1/2032 are callable in whole or in part on any date beginning 9/1/2031 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-25**

UNLIMITED TAX IMPROVEMENT BONDS TAXABLE SERIES 2021A

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 234,221	$ 234,221
9/1/2026	1.105%	745,000	234,221	979,221
3/1/2027		-	230,105	230,105
9/1/2027	1.354%	750,000	230,105	980,105
3/1/2028		-	225,027	225,027
9/1/2028	1.504%	760,000	225,027	985,027
3/1/2029		-	219,312	219,312
9/1/2029	1.672%	775,000	219,312	994,312
3/1/2030		-	212,833	212,833
9/1/2030	1.772%	785,000	212,833	997,833
3/1/2031		-	205,878	205,878
9/1/2031	1.872%	800,000	205,878	1,005,878
3/1/2032		-	198,390	198,390
9/1/2032	2.022%	815,000	198,390	1,013,390
3/1/2033		-	190,151	190,150
9/1/2033	2.172%	830,000	190,151	1,020,150
3/1/2034		-	181,137	181,137
9/1/2034	2.322%	850,000	181,137	1,031,137
3/1/2035		-	171,268	171,268
9/1/2035	2.422%	870,000	171,268	1,041,268
3/1/2036		-	160,733	160,733
9/1/2036	2.572%	890,000	160,733	1,050,733
3/1/2037		-	149,287	149,287
9/1/2037	2.622%	915,000	149,287	1,064,287
3/1/2038		-	137,291	137,291
9/1/2038	2.813%	935,000	137,291	1,072,291
3/1/2039		-	124,141	124,141
9/1/2039	2.813%	965,000	124,141	1,089,141
3/1/2040		-	110,568	110,568
9/1/2040	2.813%	990,000	110,568	1,100,568
3/1/2041		-	96,644	96,644
9/1/2041	2.813%	1,020,000	96,644	1,116,644
3/1/2042		-	82,297	82,297
9/1/2042	2.963%	1,045,000	82,297	1,127,297
3/1/2043		-	66,816	66,816
9/1/2043	2.963%	1,080,000	66,816	1,146,816
3/1/2044		-	50,815	50,815
9/1/2044	2.963%	1,110,000	50,815	1,160,815
3/1/2045		-	34,371	34,371
9/1/2045	2.963%	1,145,000	34,371	1,179,371
3/1/2046		-	17,408	17,408
9/1/2046	2.963%	1,175,000	17,408	1,192,408
TOTALS		$ 19,250,000	$ 6,197,386	$ 25,447,384

DATE:	September 1, 2021
ISSUED:	$49,910,000
PAYABLE:	U.S. Bank
CALL OPTION:	Bonds maturing on and after 9/1/2032 are callable in whole or in part on any date beginning 9/1/2031 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-26**

UNLIMITED TAX IMPROVEMENT BONDS TAXABLE SERIES 2023

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 1,046,812	$ 1,046,812
9/1/2026	5.000%	1,105,000	1,046,813	2,151,813
3/1/2027		-	1,019,187	1,019,187
9/1/2027	5.000%	1,160,000	1,019,188	2,179,188
3/1/2028			990,187	990,187
9/1/2028	5.000%	1,220,000	990,188	2,210,188
3/1/2029		-	959,687	959,687
9/1/2029	5.000%	1,280,000	959,688	2,239,688
3/1/2030			927,687	927,687
9/1/2030	5.000%	1,345,000	927,688	2,272,688
3/1/2031		-	894,062	894,062
9/1/2031	5.000%	1,410,000	894,063	2,304,063
3/1/2032		-	858,812	858,812
9/1/2032	5.000%	1,480,000	858,813	2,338,813
3/1/2033		-	821,812	821,812
9/1/2033	5.000%	1,555,000	821,813	2,376,813
3/1/2034		-	782,937	782,937
9/1/2034	5.000%	1,635,000	782,938	2,417,938
3/1/2035		-	742,062	742,062
9/1/2035	5.000%	1,715,000	742,063	2,457,063
3/1/2036		-	699,187	699,187
9/1/2036	5.000%	1,800,000	699,188	2,499,188
3/1/2037		-	654,187	654,187
9/1/2037	5.000%	1,890,000	654,188	2,544,188
3/1/2038		-	606,937	606,937
9/1/2038	5.000%	1,985,000	606,938	2,591,938
3/1/2039		-	557,312	557,312
9/1/2039	4.125%	2,085,000	557,313	2,642,313
3/1/2040		-	514,309	514,309
9/1/2040	4.250%	2,170,000	514,310	2,684,310
3/1/2041		-	468,196	468,196
9/1/2041	4.250%	2,265,000	468,197	2,733,197
3/1/2042		-	420,065	420,065
9/1/2042	4.375%	2,360,000	420,066	2,780,066
3/1/2043		-	368,440	368,440
9/1/2043	4.375%	2,465,000	368,442	2,833,442
3/1/2044		-	314,519	314,519
9/1/2044	4.375%	2,570,000	314,519	2,884,519
3/1/2045		-	258,300	258,300
9/1/2045	4.500%	2,685,000	258,300	2,943,300
3/1/2046		-	197,887	197,887
9/1/2046	4.500%	2,805,000	197,888	3,002,888
3/1/2047		-	134,775	134,775
9/1/2047	4.500%	2,930,000	134,775	3,064,775
3/1/2048			68,850	68,850
9/1/2048	4.500%	3,060,000	68,850	3,128,850
TOTALS		$ 44,975,000	$ 28,612,438	$ 73,587,438

DATE: September 1, 2023

ISSUED: $59,205,000

PAYABLE: U.S. Bank

CALL OPTION: Bonds maturing on and after 9/1/2034 are callable in whole or in part on any date beginning 9/1/2033 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-27**

UNLIMITED TAX IMPROVEMENT BONDS TAXABLE SERIES 2025
SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 406,518	$ 406,518
9/1/2026	3.939%	13,735,000	542,024	14,277,024
3/1/2027		-	271,513	271,513
9/1/2027	3.839%	14,145,000	271,513	14,416,513
TOTALS		$ 27,880,000	$ 1,491,568	$ 29,371,568

DATE: September 1, 2025
ISSUED: $27,880,000
PAYABLE: U.S. Bank
CALL OPTION: The Taxable 2025 Bonds are NOT subject to optional redemption prior to stated maturity.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-28**

UNLIMITED TAX IMPROVEMENT BONDS SERIES 2025

SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 307,125	$ 307,125
9/1/2026	5.000%	1,445,000	409,500	1,854,500
3/1/2027		-	373,375	373,375
9/1/2027	5.000%	1,485,000	373,375	1,858,375
3/1/2028			336,250	336,250
9/1/2028	5.000%	480,000	336,250	816,250
3/1/2029		-	324,250	324,250
9/1/2029	5.000%	500,000	324,250	824,250
3/1/2030			311,750	311,750
9/1/2030	5.000%	525,000	311,750	836,750
3/1/2031		-	298,625	298,625
9/1/2031	5.000%	555,000	298,625	853,625
3/1/2032		-	284,750	284,750
9/1/2032	5.000%	580,000	284,750	864,750
3/1/2033		-	270,250	270,250
9/1/2033	5.000%	610,000	270,250	880,250
3/1/2034		-	255,000	255,000
9/1/2034	5.000%	640,000	255,000	895,000
3/1/2035		-	239,000	239,000
9/1/2035	5.000%	675,000	239,000	914,000
3/1/2036		-	222,125	222,125
9/1/2036	5.000%	705,000	222,125	927,125
3/1/2037		-	204,500	204,500
9/1/2037	5.000%	740,000	204,500	944,500
3/1/2038		-	186,000	186,000
9/1/2038	5.000%	780,000	186,000	966,000
3/1/2039		-	166,500	166,500
9/1/2039	5.000%	820,000	166,500	986,500
3/1/2040		-	146,000	146,000
9/1/2040	5.000%	860,000	146,000	1,006,000
3/1/2041		-	124,500	124,500
9/1/2041	5.000%	900,000	124,500	1,024,500
3/1/2042		-	102,000	102,000
9/1/2042	5.000%	945,000	102,000	1,047,000
3/1/2043		-	78,375	78,375
9/1/2043	5.000%	995,000	78,375	1,073,375
3/1/2044		-	53,500	53,500
9/1/2044	5.000%	1,045,000	53,500	1,098,500
3/1/2045		-	27,375	27,375
9/1/2045	5.000%	1,095,000	27,375	1,122,375
TOTALS		$ 16,380,000	$ 8,724,875	$ 25,104,875

DATE: September 1, 2025

ISSUED: $16,380,000

PAYABLE: U.S. Bank

CALL OPTION: Bonds maturing on and after 9/1/2035 are callable in whole or in part on any date beginning 9/1/2034 @ par plus accrued interest to the date of redemption.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-29**
UNLIMITED TAX REFUNDING BONDS SERIES 2025
SCHEDULE OF DEBT SERVICE REQUIREMENTS UNTIL MATURITY

Date of Payment	Interest Rate (Per Bond) March & September 1st	Principal Requirements	Interest Requirements	Total Annual Requirements
3/1/2026		$ -	$ 307,875	$ 307,875
9/1/2026	5.000%	4,385,000	410,500	4,795,500
3/1/2027		-	300,875	300,875
9/1/2027	5.000%	6,545,000	300,875	6,845,875
3/1/2028			137,250	137,250
9/1/2028	5.000%	5,490,000	137,250	5,627,250
TOTALS		$ 16,420,000	$ 1,594,625	$ 18,014,625

DATE:	September 1, 2025
ISSUED:	$16,420,000
PAYABLE:	U.S. Bank
CALL OPTION:	The 2025 Refunding Bonds are NOT subject to optional redemption prior to stated maturity.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-30**

COUNTY OF HIDALGO, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2016	849,843	$ 21,080,611,000	$ 24,805	234,994	8.2%
2017	860,661	22,047,447,000	25,617	240,049	7.4%
2018	865,939	22,869,174,000	26,410	272,122	6.6%
2019	868,707	23,815,443,000	27,415	274,982	7.0%
2020	875,200	27,264,698,000	31,153	245,076	10.9%
2021	880,356	30,374,915,000	34,503	256,014	7.8%
2022	888,367	29,782,422,000	33,525	274,982	6.5%
2023	898,471	30,883,504,000	34,373	263,859	6.1%
2024	914,820	32,283,853,000	35,290	265,094	6.0%
2025	921,549	(4)	(4)	264,624	6.3%

(1) Source: U.S. Census Bureau (bea.gov), FRED Economic Research
(2) Source: Texas Education Agency (TEA)/towncharts.com
(3) Source: Bureau of Labor Statistics
(4) Data not available for 2025

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-31**

HIDALGO COUNTY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

		2025			2016		
	Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
	Doctor's Hospital at Renaissance	6,423	1	2.02%	3,968	5	1.15%
	University of Texas-Rio Grande Valley	5,257	2	1.65%	2,850	9	0.83%
	PSJA ISD	5,000	3	1.57%	4,297	4	1.25%
	Edinburg ISD	4,993	4	1.57%	4,813	2	1.40%
	US Customs and Border Patrol	3,700	5	1.16%			
(1)	Hidalgo County	3,579	6	1.13%	3,910	6	1.13%
	McAllen ISD	3,400	7	1.07%	3,422	7	0.99%
	City of McAllen	2,566	8	0.81%			
	Donna ISD	2,360	9	0.74%			
	Mission ISD	2,290	10	0.72%			
(3)	H-E-B				4,343	3	1.26%
	Weslaco ISD				2,000	10	0.58%
(3)	Wal-Mart				5,517	1	1.60%
	Edinburg Regional Medical Center				3,000	8	0.87%
		39,568		12.42%	38,120		11.06%
							(2)

Source: Hidalgo County, Texas ACFR
Texas Workforce Commission (2025 list based on Workforce Solution's Hidalgo County 2024 Largest Employers Report, 2025 Report not available).

(1) Includes Hidalgo County and County related agencies employees in 2016.
(2) Total Employment in 2016 was 344,653.
(3) Data not found for 2016, used 2015.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
MISCELLANEOUS STATISTICS
DECEMBER 31, 2025

Area Information

Name:	County of Hidalgo	Number of Cities:	22
Date of Incorporation:	1852	Number of Water Supply Corporations:	3
Form of Government:	County Judge	and Number of Banks:	52
	Four Commissioners	* Total Deposits as of June 30, 2025(millions):	$15,368,016
County Seat:	Edinburg, Texas		
Number of employees:	4,986		
Area in acres:	9,525,000		

Miles of County maintained roads:	Precinct 1	718
	Precinct 2	123
	Precinct 3	566
	Precinct 4	470

Education

Four year universities:	University of Texas Rio Grande Valley	Edinburg
Four year universities:	Texas A&M University Higher Education Center	McAllen
Two-four year colleges:	South Texas College	McAllen
Number of school districts:	21	

Hospitals

Cornerstone Regional Hospital	Edinburg
Doctor's Hospital at Renaissance	Edinburg
Driscoll Children's Hospital Rio Grande Valley	Edinburg
Edinburg Regional Medical Center	Edinburg
Knapp Medical Center	Weslaco
Mission Regional Medical Center	Mission
Rio Grande Regional Hospital	McAllen
Solara Hospital	McAllen
Weslaco Rehabilitation Hospital	Weslaco

Recreation

Museums:	City of Alamo Museum	Alamo
	Donna Hooks Fletcher Historical Museum	Donna
	Gelman Stained Glass Museum	San Juan
	International Museum of Art and Science	McAllen
	McAllen Heritage Museum	McAllen
	Mission Historical Museum	Mission
	Museum of South Texas History	Edinburg
	Old Hidalgo Pumphouse Museum	Hidalgo
	The Weslaco Museum	Weslaco
Number of Libraries:	20	
Number of County Parks:	23	
State Parks:	Bentsen RGV State Park	Mission
	Estero Llano Grande State Park	Weslaco
	US Wildlife: Santa Ana National Wildlife Refuge	Alamo
Number of Golf Courses:	17	

Infrastructure

Airports (public):	McAllen Miller International Airport	McAllen
	Mid Valley Airport	Weslaco
	South Texas International Airport at Edinburg	Edinburg
International Bridges:	Anzalduas - Reynosa International Bridge	
	McAllen-Hidalgo - Reynosa International Bridge	
	Pharr - Reynosa International Bridge	
	Progreso - Nuevo Progreso International Bridge	
	Donna-Rio Bravo International Bridge	
	Los Ebanos Ferry (hand-drawn, three car and 12 pedestrians capacity)	
Foreign Trade Zones:	FTZ No. 12 - McAllen	
	FTZ No. 156 - Weslaco	

Economic

(1) Median household income:	$54,338	Principal industries:	Healthcare
People below poverty level:	223,015		Retail
% of people below poverty level:	24.20%		Education
Labor force:	406,976		Construction
People employed:	381,384		Hospitality
People unemployed:	25,592		Other Services
Unemployment rate:	6.3%		Administrative
			Transportation
			Government
			Manufacturing
			Wholesalers
			Finance & Insurance
			Professional

(1) Data not available for 2025, used 2024

Gross Sales

Industry	2025	2024	2023	2022
Agriculture	$ 282,949,000	$ 281,053,000	$ 140,194,000	$ 511,698,000
Construction	781,189,000	815,459,000	808,829,000	609,560,000
Finance, Real Estate, Insurance	8,681,793,000	8,568,880,000	7,897,647,000	6,673,321,000
Manufacturing	3,033,143,000	2,988,881,000	3,022,714,000	2,978,057,000
Mining	776,199,000	783,446,000	592,311,000	1,339,618,000
Other	4,960,481,000	4,725,843,000	4,332,866,000	4,447,523,000
Retail	2,958,802,000	2,647,556,000	2,420,946,000	2,331,890,000
Other Services	639,391,000	651,118,000	696,834,000	583,809,000
Transportation, Communications, and Utilities	2,629,986,000	2,738,486,000	2,616,066,000	2,302,043,000
Wholesale-Trade	1,079,339,000	1,146,116,000	1,074,892,000	1,020,126,000
	$ 25,823,272,000	$ 25,346,838,000	$ 23,603,299,000	$ 22,797,645,000

Agriculture

Products Raised	Crops	Acres Harvested	Production	
(1)	Grain Sorghum	69,600	3,459,000	Bushels
(2)	Sugar Cane	18,400	691,000	Tons
(3)	Corn	33,600	3,246,000	Bushels
(1)	Upland Cotton	16,500	17,800	Bales

Sources:
Websites: Valley Chamber of Commerce, Federal Deposit Insurance Corporation, US Census Bureau, Education Organization, Texas Comptroller of Public Accounts, Texas Education Agency, Texas Workforce Commission, United States Department of Agriculture, Hidalgo County related agencies.

(1) Data not available for 2025, used 2024
(2) Data not available for 2025, used 2018
(3) Data not available for 2025, used 2023

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-33**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
Drainage	201	192	180	181	180	174	172	164	142	139
Total	201	192	180	181	180	174	172	164	142	139

Source: Hidalgo County Drainage District No. 1 payroll database

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT E-34**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Function										
Drainage										
Drainage Review Fees Collected	$ 182,400	$ 167,200	$ 209,450	$ 166,025	$ 70,250	$ 5,250	$ 65,500	$ 53,500	$ 51,250	$ 57,500
Subdivision Drainage Reviews	384	352	441	435	281	209	262	214	205	230
Utility and Crossing Review Fees	1,000	500	6,000	10,000	6,000	8,500	3,000	6,500	-	-
Number of Utility Crossing Reviews	2	1	12	20	12	17	6	13	-	-
Re-Inspection Fees	6,825	5,250	7,875	4,725	-	-	-	-	-	-
Number of Re-Inspection Fees	13	10	15	9	-	-	-	-	-	-
Donation Review Fees	1250	1,250	2,000	-	-	-	-	-	-	-
Number of Donation Reviews	5	5	8	-	-	-	-	-	-	-
Usage Permit Review Fees	2,000	3,000								
Number of Usage Permit Reviews	2	3								
Total	193,475	177,200	225,325	180,750	76,250	13,750	68,500	60,000	51,250	57,500

Source: Hidalgo County Drainage District No. 1 Revenue Detail Report

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Function					
General government/Administrative Office	3	3	3	3	3
Drainage					
Drainage Flood Control Structures	262	247	234	218	212
Total	265	250	237	221	215
Assets					
Vehicles	128	128	114	112	116
Backhoes	5	4	4	4	4
Draglines	0	0	0	0	3
Dump Trucks	15	13	12	12	12
Dozers	8	8	9	9	9
Excavators	33	32	30	30	33
Front Loaders	3	4	3	2	2
Motorgraders	9	10	10	9	9
Rollers	1	1	1	1	1
Tractors	61	44	46	44	46
Total	263	244	229	223	235

Source: Hidalgo County Drainage District No.1 FAS module capital assets inventory.
SAGE Depreciation Module

EXHIBIT E-35

Fiscal Year				
2020	2019	2018	2017	2016
3	2	1	1	1
197	191	188	175	171
200	193	189	176	172
109	96	78	83	88
4	4	4	3	3
3	3	3	3	3
12	12	12	12	12
9	7	6	5	6
28	25	23	19	22
2	2	2	2	2
9	5	5	4	4
1	1	1	1	1
48	43	43	39	43
225	198	177	171	184

TEXAS SUPPLEMENTARY INFORMATION

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT TSI-1**
SCHEDULE OF SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2025

1. Services provided by the District:

___	Retail Water	___	Wholesale Water	X	Drainage
___	Retail Wastewater	___	Wholesale Wastewater	___	Irrigation
___	Parks/Recreation	___	Fire Protection	___	Security
___	Solid Waste/Garbage	X	Flood Control	___	Roads
___	Participates in joint venture, regional systems and/or wastewater service (other than interconnect)				
___	Other (specify):				

2. Retail rates based on 5/8" meter: X Retail rates not applicable

3. Retail service providers: N/A

4. Total water consumption (in thousands) during the fiscal year: N/A

5. Standby fees: Does the District assess standby fees? ___ YES X NO

6. Anticipated sources of funds to be used for debt service payments in the District following fiscal year: None

7. Location of District:

County(ies) in which the District is located: Hidalgo County .
Is the District located entirely with in one county? X Yes ___ No
Is the District located in a city? ___ Entirely X Partly ___ Not at all
City(ies) in which the District is located: Alamo, Alton, Donna, Edcouch, Edinburg, Elsa, Granjeno, Hidalgo, La Joya, La Villa, McAllen, Mercedes, Mission, Palmview, Penitas, Progreso, Pharr, San Juan, and Weslaco
Is the general membership of the Board appointed by an office outside the District?
___ Yes X No If yes, by whom? ___ .

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT TSI-2**

SCHEDULE OF GENERAL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2025

Personnel Expenditures (including benefits) *	$ 15,162,122
Professional Fees:	
Auditing	140,000
Arbitrage Calculations	6,500
Legal	147,606
Engineering	168,471
Contracted Services:	
Appraisal district	897,442
Hidalgo County Tax Assessor Collector	639,834
Utilities	161,974
Repairs and Maintenance	1,667,409
Administrative Expenditures:	
Office supplies	30,937
Insurance	364,081
Capital Outlay:	
Acquisition of capital assets	9,507,308
SBITA	369,131
Aid to other governments	174,870
Other Expenditures	1,234,995
TOTAL EXPENDITURES	$ 30,672,680

*Number of full-time persons employed by the District: 201

Schedule of Temporary Investments

This schedule is omitted because no temporary investments were held at year-end. See note B in the notes to the financial statements.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT TSI-4**
SCHEDULE OF TAXES LEVIED AND RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes	Debt Service Taxes
Property taxes receivable, beginning of year	$ 3,114,731	$ 3,001,784
2024 original tax levy (less abatements)	28,275,105	35,872,255
Adjustments for 2023 original tax levy modifications	150,997	191,568
Adjustments for rollbacks and refunds	84,209	106,835
Total to be accounted for	31,625,042	39,172,442
Tax collections:		
Current	(27,435,807)	(34,807,448)
Prior years	(694,043)	(880,524)
Total collections	(28,129,850)	(35,687,972)
Property taxes receivable, end of year	$ 3,495,192	$ 3,484,470
Property taxes receivable by years		
2024	$ 1,051,834	$ 1,334,448
2023	544,531	803,776
2022	340,211	462,007
2021 and prior	1,558,616	884,239
Property taxes receivable, end of year	$ 3,495,192	$ 3,484,470

	Tax Levy			
	2024	2023	2022	2021
Property Valuations:				
Land and improvements	$ 65,689,304,787	$ 63,060,264,165	$ 54,436,507,212	$ 48,384,932,334
Minerals	18,568,972	37,965,222	30,646,270	23,339,519
Personal property	5,695,550,450	5,603,784,516	4,991,577,254	4,595,127,952
Total property valuations	$ 71,403,424,209	$ 68,702,013,903	$ 59,458,730,736	$ 53,003,399,805
Tax Rates Per $100 Valuation:				
Debt service tax rates	0.0628	0.0679	0.0679	0.0736
Maintenance tax rates	0.0495	0.0460	0.0500	0.0528
Total tax rates per $100 valuation	0.1123	0.1139	0.1179	0.1264
Original tax levy	$ 64,147,360	$ 60,619,813	$ 54,854,200	$ 52,011,015
Percent of taxes collected to tax levied at December 31, 2024	97.53%	97.59%	97.29%	99.07%

Tax rate for any other special district which (a) encompasses less than a county, (b) provides water, wastewater collection and drainage or roads to property in the District and, (c) taxes property in the District.

Name of Special District (s)	Service Provided
NONE	
Total Rate(s) of Special District (s)	

The following represents the 2022 tax levy rates for all overlapping jurisdictions. The table includes any taxing entities which overlap 10% or more of the District.

	Taxing Jurisdiction	Tax Rate
a. County:	Hidalgo County	$ .5750
b. Cities:	Average of 19 cities within Drainage District	.5958
c. School district(s):	Average of 15 school districts within Drainage District	1.0794
d. Special district(s) not included above:		
	South Texas College	.1620
	South Texas I.S.D.	.0492
e. Total District:		.1123
	Total Overlapping Tax Rate	$ 2.5738

Schedule of Long-Term Requirements

This schedule is omitted because information is provided in the statistical section on Exhibits E20-E26.

Schedule of Changes in Long Term Bonded Debt

This schedule is omitted because information is provided in the statistical section on Exhibit E16.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - FIVE YEARS
GENERAL FUND AND DEBT SERVICE FUND
FIVE YEARS ENDED DECEMBER 31,

	AMOUNTS				
	2025	2024	2023	2022	2021
GENERAL FUND					
REVENUES					
Property taxes	$ 28,705,158	$ 24,886,567	$ 23,675,644	$ 22,522,655	$ 21,704,872
Operating grants and contributions	-	-	-	518,519	-
Charges for services	254,846	228,873	316,780	245,254	100,692
Interest	2,448,662	2,680,631	2,394,910	527,723	129,958
Intergovernmental	-	1,318,205	-	-	673,751
Miscellaneous	134,600	4,355,193	2,776,036	1,176,356	208,306
Total revenues	31,543,266	33,469,469	29,163,370	24,990,507	22,817,579
EXPENDITURES					
Professional fees	462,577	477,118	426,024	452,231	296,903
Contracted services	1,537,276	1,253,518	1,086,163	1,103,062	836,044
Payroll	15,162,122	12,587,469	11,676,661	11,848,969	11,868,520
Utilities	161,974	77,091	166,755	129,423	76,565
Materials and supplies	340,069	384,813	301,064	228,515	561,337
Repairs and maintenance	1,667,409	1,320,616	762,019	468,974	299,583
Aid to other governments	174,870	135,965	-	82,853	-
Other expenditures	1,289,944	3,252,001	3,875,375	3,470,039	3,236,128
Capital outlay	9,507,308	-	-	-	-
SBITA subscriptions	369,131	4,960,352	5,201,320	2,812,285	3,355,218
Total expenditures	30,672,680	24,448,943	23,495,381	20,596,351	20,530,298
Excess (deficiency) revenues over (under) expenditures	870,586	9,020,526	5,667,989	4,394,156	2,287,281
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	484,019	271,864	437,134	295,344	196,483
SBITA	369,131	-	-	-	-
Capital lease proceeds	-	-	-	-	-
Installment note	-	-	-	-	-
Interfund transfers in	-	-	-	2,992	-
Interfund transfers out	-	(3,700,400)	(2,845,289)	-	(1,660,000)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	$ 1,723,736	$ 5,591,990	$ 3,259,834	$ 4,692,492	$ 823,764
DEBT SERVICE FUND					
REVENUES:					
Property taxes	$ 36,417,856	$ 36,731,726	$ 32,151,525	$ 31,395,214	$ 19,156,980
Penalty, interest and other	-	-	-	-	-
Interest	647,395	964,393	372,505	99,480	50,786
Total revenues	37,065,251	37,696,119	32,524,030	31,494,694	19,207,766
EXPENDITURES:					
Debt services, interest and principal	36,399,900	36,757,080	32,159,548	31,163,590	20,458,163
Total expenditures	36,399,900	36,757,080	32,159,548	31,163,590	20,458,163
Excess (deficiency) revenues over (under) expenditures	665,351	939,039	364,482	331,104	(1,250,397)
OTHER FINANCING SOURCES					
Interfund transfers in	-	-	-	405,088	1,660,000
Interfund transfers out	-	-	-	(408,079)	-
Bond proceeds	-	-	-	-	-
Bond premium	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Excess of revenues over expenditures and other financing sources	$ 2,389,087	$ 939,039	$ 364,482	$ 328,113	$ 409,603
TOTAL ACTIVE RETAIL, WATER AND/OR WASTEWATER CONNECTIONS	$ -	$ -	$ -	$ -	$ -

EXHIBIT TSI-7

PERCENT OF FUND TOTAL REVENUES				
2025	2024	2023	2022	2021
91.00	74.36	81.18	90.13	95.14
-	-	-	2.07	-
0.81	0.68	1.09	0.98	0.44
7.76	8.01	8.21	2.11	0.57
-	3.94	-	-	2.94
0.43	13.01	9.52	4.71	0.91
100.00	100.00	100.00	100.00	100.00
1.47	1.43	1.46	1.81	1.30
4.87	3.75	3.72	4.41	3.66
48.07	37.61	40.04	47.41	52.01
0.51	0.23	0.57	0.52	0.34
1.08	1.15	1.03	0.91	2.46
5.29	3.95	2.61	1.88	1.31
0.55	0.41	-	0.33	-
4.09	9.72	13.29	13.89	14.18
30.14	-	-	-	-
15.73	14.82	17.84	11.25	14.71
111.80	73.07	80.56	82.41	89.97
(11.80)	26.93	19.44	17.59	10.03
1.53	0.81	1.50	1.18	0.86
1.17	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	0.01	-
-	(11.06)	(9.76)	-	(7.28)
(11.44)	16.68	11.18	18.78	3.61
98.25	97.44	98.85	99.68	99.74
-	-	-	-	-
1.75	2.56	1.15	0.32	0.26
100.00	100.00	100.00	100.00	100.00
98.20	97.51	98.88	98.95	106.51
98.20	97.51	98.88	98.95	106.51
1.80	2.49	1.12	1.05	(6.51)
-	-	-	1.29	8.64
-	-	-	(1.30)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1.80	2.49	1.12	1.04	2.13
-	-	-	-	-

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 **EXHIBIT TSI-8**

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2025

Complete District Mailing Address: 902 N. Doolittle Road, Edinburg, Texas 78542

District Business Telephone Number: (956) 292-7080

Name and Address		Fees 12/31/205	Expense Reimbursements FYE 12/31/25	Title at Year End	Resident of District
Board Members:					
Richard F. Cortez 100 E. Cano, Second Floor Edinburg, TX 78539	(Elected) 01/01/19	$ -	$ -	Chairman	Yes
David L. Fuentes 1902 Joe Stephens Ave. Suite 101 Weslaco, TX 78599	(Elected) 01/01/17	$ -	$ -	Member	Yes
Eduardo "Eddie" Cantu 300 W. Hall Acres Suite G Pharr, TX 78577	(Elected) 01/01/15	$ -	$ -	Member	Yes
Everardo "Ever" Villarreal 724 North Breyfogle Mission, TX 78574	(Elected) 01/01/21	$ -	$ -	Member	Yes
Ellie Torres 1051 N. Doolittle Road Edinburg, TX 78542	(Elected) 01/01/19	$ -	$ -	Member	Yes

Complete District Mailing Address: 902 N. Doolittle Road, Edinburg, Texas 78542

District Business Telephone Number: (956) 292-7080

Name and Address		Fees 12/31/25	Expense Reimbursements FYE 12/31/25	Title at Year End
Key Personnel:				
Consultants:				
Letty Chavez Hidalgo County Auditor's Office 2808 S. Business Highway 281 Edinburg, TX 78539	(Appointed) 12/01/23	$ -	$ -	County Auditor
Pablo "Paul" Villarreal Jr. PO Box 178 Edinburg, TX 78539	(Elected) 01/01/13	$ 639,834	$ -	County Tax Assessor/ Collector
Jones Galligan Key & Lozano, LLP 2300 W Pike Blvd Suite #300 Weslaco, TX 78596	09/4/2018	$ 147,606	$ -	Attorneys
Perez Law Firm PLLC 208 Lindberg Avenue McAllen, TX 78501	-	$ -	$ -	Bond Counsel
Burton McCumber & Longoria, LLP 205 Pecan Boulevard McAllen, TX 78501	10/31/17	$ 140,000	$ -	Independent Auditors
Hidalgo County Appraisal District 4405 Professional Drive Edinburg, TX 78539	-	$ 897,442	$ -	Appraisal Services
Investment Officer:				
Lita L. Leo 2810 S. Business Highway 281 Edinburg, TX 78539	(Elected) 01/01/19	$ -	$ -	County Treasurer

HIDALGO COUNTY DRAINAGE DISTRICT No. 1

HCDD1

SINGLE AUDIT SECTION

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
Hidalgo County Drainage District No. 1

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, each major fund, and the aggregate remaining fund information of Hidalgo County Drainage District No. 1 (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated June 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

BML y Fragoso, S.C.
Matamoros, MX

205 Pecan Boulevard, McAllen, TX 78501
956-618-2300 • www.bmltexas.com

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.

Burton, McCumber & Longoria LLP

McAllen, Texas
June 29, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Hidalgo County Drainage District No. 1

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited Hidalgo County Drainage District No. 1's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burton, McCumber & Longoria L.L.P.

McAllen, Texas
June 29, 2026

Hidalgo County Drainage District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN	Pass-Through Entity Identifying Number	Total Federal Expenditures
Federal Awards			
U.S. Department of the Treasury			
Passed Through Texas Commission on Environmental Quality			
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	RDCGR480090	$ 1,084,166
Total ALN 21.015			1,084,166
Total Passed Through Texas Commission on Environmental Quality			1,084,166
Total U.S. Department of the Treasury			$ 1,084,166
U.S. Department of Homeland Security FEMA			
Passed Through Texas Department of Emergency Management			
Building Resilient Infrastructure & Communities (BRIC)	97.047		$ 8,332
Total ALN 97.047			8,332
Total Passed Through Texas Division of Emergency Management			8,332
Total U.S. Department of Homeland Security FEMA			$ 8,332
Total Federal Expenditures			**$ 1,092,498**

Hidalgo County Drainage District No. 1
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) present the federal grant activity for the Hidalgo County Drainage District No. 1 (the District) for the year ended December 31, 2025. The reporting entity is defined in Note A, 1 to the District's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net position, or cash flows of the District.

Basis of Presentation

The accompanying SEFA is presented using the modified accrual basis of accounting, which is described in Note A, 2 of the District's notes to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

Hidalgo County Drainage District No. 1
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal Control over financial reporting:	
• Material weakness(es) identified?	________ yes ___X___ no
• Significant deficiencies identified that are not considered to be material weaknesses?	________ yes ___X___ none reported
Noncompliance material to financial statements noted?	________ yes ___X___ no

Federal awards

Internal control over major programs:	
• Material weakness(es) identified?	________ yes ___X___ no
• Significant deficiencies identified that are not considered to be material weaknesses?	________ yes ___X___ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	________ yes ___X___ no

Identification of major programs:

Assistance Listing Number (ALN)	*Name of Federal Program or Cluster*
21.015	Resources and Ecosystems Sustainability, Tourists Opportunities, and Revived Economies of the Gulf Coast States

Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000
Auditee qualifies as a low-risk auditee?	___X___ yes ________ no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings

None noted.

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1

Management and Accounting Personnel

As of December 31, 2025

Raul E. Sesin, P.E., CFM	General Manager
Omar Anzaldua, Jr., P.E., CFM	Assistant General Manager
Yvette Barrera, P.E., CFM	Assistant General Manager
Lora D. Briones	Chief Financial Officer
Jaime J. Salazar	Chief of Staff
Roberto De Leon	Field Operations Director
Alvaro Chuc	Director of Accounting
Jennifer Lee Garza	Accountant V
Milagros Rodriguez	Accountant IV
Yazmin Garcia	Accountant III
Mark Garcia	Asset Coordinator III
Silvia Lozano	Accountant II
Rosa Arce	AP Specialist III
Patricia Rodriguez	HR Division Manager II

HIDALGO COUNTY DRAINAGE DISTRICT No. 1

HCDD1