

**PASEO DEL ESTE
MUNICIPAL UTILITY DISTRICT NO. 7
OF EL PASO COUNTY**

**FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

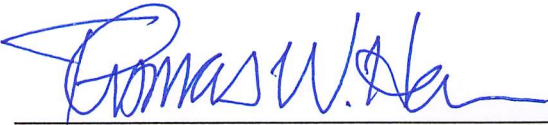
ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF EL PASO

I, Tom Hansen of the Paseo del Este Municipal Utility District No. 7 of El Paso County hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 11th day of January 2024, its annual audit report for the fiscal year ended September 30, 2023, and that copies of the annual report have been filed in the district office, located at c/o Gordon Davis Johnson & Shane, 4695 North Mesa, El Paso, Texas 79912.

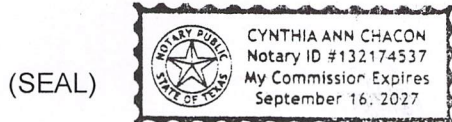
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

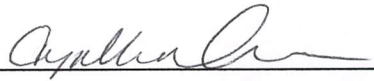
Date: January 11, 2024

By: 
(Signature of District Representative)

Tom Hansen, President
(Name & Title of above District Representative)

Sworn to and subscribed to before me this 11th day of January 2024.




(Signature of Notary)

My Commission Expires On: 9-16, 2027.
Notary Public in and for the State of Texas.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**
Annual Financial Report
For the Year Ended September 30, 2023

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FINANCIAL SECTION

WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

Board of Directors
Paseo del Este Municipal Utility District No. 7
Of El Paso County
El Paso, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Paseo del Este Municipal Utility District No. 7 of El Paso County (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information 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 Texas Commission on Environmental Quality required supplementary schedules 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 Texas Commission on Environmental Quality required supplementary schedules 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 property tax assessed value information 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.

West, Davis & Company

Austin, Texas
December 31, 2023

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

In accordance with Governmental Accounting Standards Board Statement 34 (“GASB 34”), the management of Paseo del Este Municipal Utility District No. 7 of El Paso County (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2023. Since this information is designed to focus on current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance at the end of the year was approximately \$131 thousand which was an increase of \$44 thousand from the end of the previous year end. The nonspendable fund balance decreased by \$18 thousand due to the recovery of costs related to the District’s past bond issue. Revenue increased from \$257 thousand in the previous fiscal year to \$417 thousand in the current fiscal year primarily due to growth in the District.
- **Debt Service Fund:** The fund balance at the end of the year was approximately \$672 thousand which was an increase of \$349 thousand from the end of the previous year end. Revenue increased from \$227 thousand in the previous fiscal year to \$418 thousand in the current fiscal year. The increase is the result of growth in the District. This fund made \$256 thousand in bond interest payments and \$150 thousand in bond principal payments.
- **Capital Projects Fund:** This fund received \$6.2 million in bond proceeds, net of issuance costs, and used these funds to acquire \$6.1 million in water, wastewater and drainage facilities. The ending fund balance was \$229 thousand.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had expenses in excess of revenue of approximately \$474 thousand. Net position decreased from \$38 thousand to negative \$436 thousand. This decrease is primarily due bond issuance costs.

OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by an Act of the Texas Legislature. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within the District. The District has entered into an agreement with Paseo del Este Municipal Utility District No. 1 (Paseo No. 1) under which Paseo No. 1 will serve as the “Master District” for the purpose of providing water acquisition, transportation and treatment, wastewater collection, transportation, treatment and disposal, and drainage facilities and services.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
 - Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet
 - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the newly required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Statement of Net Position and Governmental Funds Balance Sheet includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

The Required Supplementary Information presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2023	September 2022	
Current and Other Assets	\$ 1,050	\$ 562	\$ 488
Capital and Non-Current Assets	10,793	4,939	5,854
Total Assets	11,843	5,501	6,342
Current Liabilities	293	206	87
Long-Term Liabilities	11,986	5,257	6,729
Total Liabilities	12,279	5,463	6,816
Net Investment in Capital Assets	(1,240)	(389)	(851)
Restricted	672	323	349
Unrestricted	132	104	28
Total Net Position	\$ (436)	\$ 38	\$ (474)

The District's total assets were approximately \$11.8 million at the end of the current fiscal year. Of this amount, approximately \$1.0 million is accounted for by cash and short-term investments. The District had outstanding liabilities of approximately \$12.3 million. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$132 thousand.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

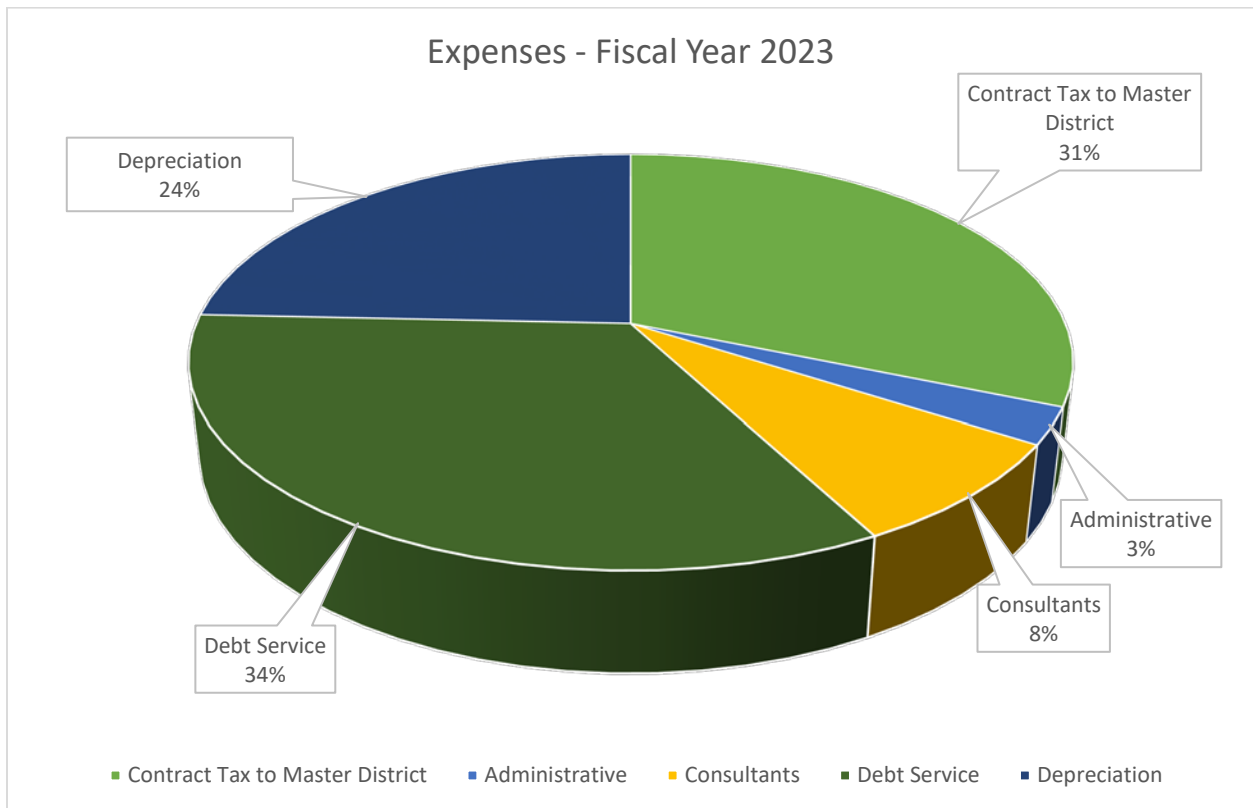
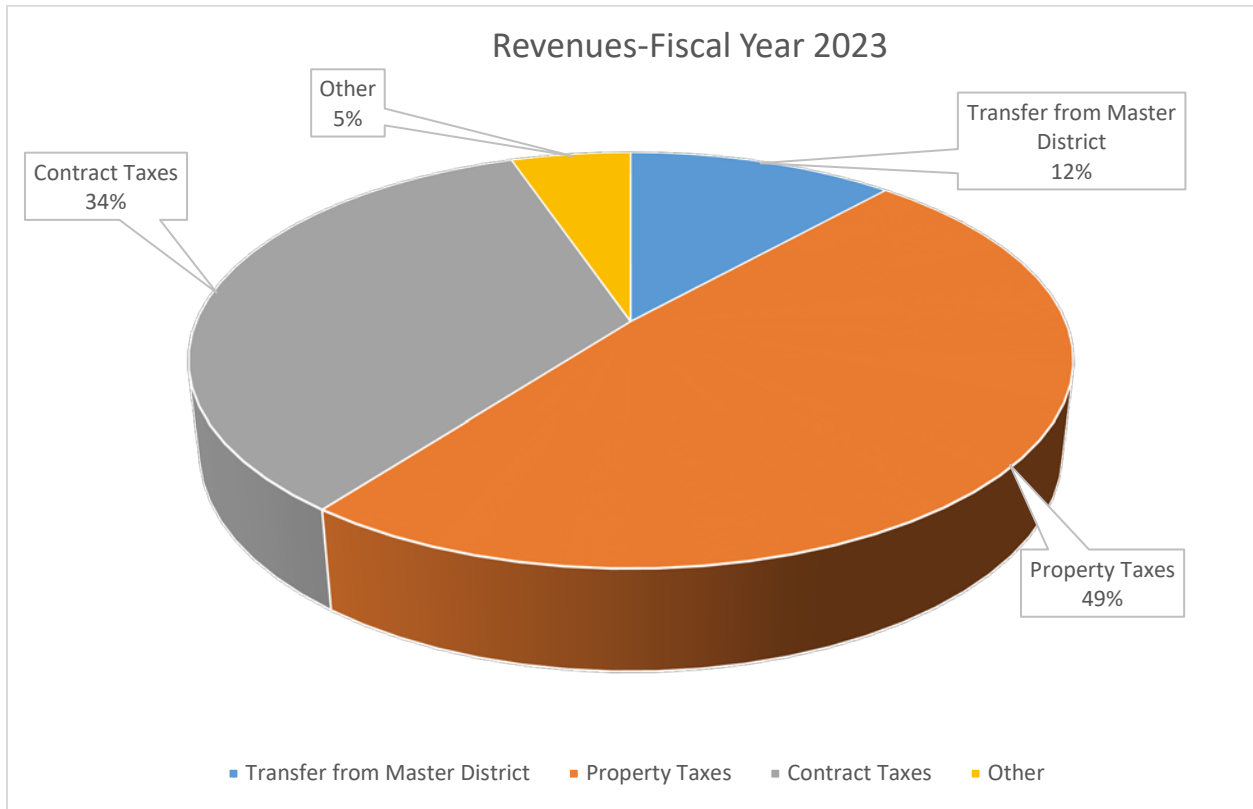
Summary Statement of Activities

	Governmental Activities (in thousands)		Increase (Decrease)
	2023	2022	
Transfer from Master District	\$ 98	\$ 73	\$ 25
Property Taxes	410	239	171
Contract Taxes	290	169	121
Other	44	4	40
Total Revenues	842	485	357
Contract Tax to Master District	290	169	121
Administrative	26	17	9
Consultants	75	58	17
Debt Service	310	161	149
Depreciation	225	103	122
Total Expenses	926	508	418
Other Financing Sources (Uses)	(390)	(212)	(178)
Change in Net Position	(474)	(235)	(239)
Beginning Net Position	38	273	(235)
Ending Net Position	\$ (436)	\$ 38	\$ (474)

Revenues were approximately \$842 thousand for the current year. Expenses, including bond issuance costs, were approximately \$1.3 million for the year. Net assets decreased about \$474 thousand primarily due to bond issuance costs. The following charts summarize the sources of revenue and areas of expenses.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**



**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

Summary Balance Sheet

	Governmental Funds		Increase (Decrease)
	(in thousands)		
	September 2023	September 2022	
Cash and Investments	\$ 1,033	\$ 530	\$ 503
Accounts Receivable	21	35	(14)
Prepaid Expenses	-	18	(18)
Total Assets	1,054	583	471
Accounts Payable	21	55	(34)
Unrealized Revenue	1	-	1
Total Liabilities	22	55	(33)
Nonspendable	-	18	(18)
Restricted for Debt Service	672	323	349
Restricted for Capital Projects	229	100	129
Unassigned	131	87	44
Total Fund Balances	1,032	528	504
Total Liabilities and Fund Balances	\$ 1,054	\$ 583	\$ 471

The General Operating Fund, which pays for daily operating expenses, has an unassigned balance of \$131 thousand at the end of the current fiscal year. This is an increase of \$44 thousand over the prior fiscal year.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

The Debt Service Fund increased from \$323 thousand to \$672 thousand. This fund made interest payments of \$256 thousand and principal payments of \$150 thousand.

The Capital Projects Fund increased from \$100 thousand to \$229 thousand. This fund received \$6.2 million of net bond proceeds and spent \$6.1 million to acquire utility facilities.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2022 annual budget for the General Fund on September 16, 2022. The budget included revenues of \$399 thousand and expenditures of \$376 thousand. Actual revenue amounted to \$417 thousand and expenditures of \$389 thousand. More detailed information about the District’s budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District acquired \$11.2 million of infrastructure facilities serving the District’s residents during the year. A summary of these assets is listed below:

Summary of Capital Assets

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2023	September 2022	
Water, Wastewater and Drainage	\$ 11,244	\$ 5,165	\$ 6,079
Accumulated Depreciation	(451)	(226)	(225)
Total Capital Assets (Net)	\$ 10,793	\$ 4,939	\$ 5,854

LONG TERM DEBT

The District issued \$7.136 million of unlimited tax bonds during the year. Bonded indebtedness of the District at year end was \$12.5 million. More detailed information about the District’s long-term debt is presented in the Notes to the Basic Financial Statements.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

ECONOMIC FACTORS

The taxable assessed value of property within the District as of January 1, 2023, has been fixed by the El Paso County Appraisal District at \$181 million. The tax rates adopted by the District on September 14, 2023, for the coming fiscal year are \$0.0251 for maintenance and operations, \$0.29 for contract tax and \$0.3851 for debt service. The District expects this to produce \$1.2 million in total property tax revenue for next year. The adopted budget for fiscal year 2023 projects a small increase in the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Gordon Davis Johnson & Shane 4695 North Mesa, El Paso, Texas 79912.

BASIC FINANCIAL STATEMENTS

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023**

	<u>GOVERNMENTAL FUNDS</u>				<u>ADJUST- MENTS</u>	<u>STATEMENT OF NET POSITION</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>		
ASSETS						
Cash	\$ 29,005	\$ -	\$ 1	\$ 29,006	\$ -	\$ 29,006
Investments	99,082	672,124	232,803	1,004,009	-	1,004,009
Taxes Receivable	320	391	-	711	-	711
Prepaid Costs	-	-	-	-	-	-
Due from Affiliated District	16,578	-	-	16,578	-	16,578
Due from Other Funds	3,920	-	-	3,920	(3,920)	-
Water/WW/Drainage System (Net)	-	-	-	-	10,793,354	10,793,354
Total Assets	\$ 148,905	\$ 672,515	\$ 232,804	\$ 1,054,224	\$ 10,789,434	\$ 11,843,658
LIABILITIES						
Accounts Payable	\$ 16,890	\$ -	\$ -	\$ 16,890	\$ 61,334	\$ 78,224
Due to Other Funds	-	48	3,872	3,920	(3,920)	-
Bonds Payable in less than one year	-	-	-	-	215,000	215,000
Bonds Payable in more than one year	-	-	-	-	11,985,957	11,985,957
Total Liabilities	16,890	48	3,872	20,810	12,258,371	12,279,181
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	320	391	-	711	(711)	-
Total Deferred Inflows	320	391	-	711	(711)	-
Fund Equity						
Nonspendable	-	-	-	-	-	-
Restricted for Debt Service	-	672,076	-	672,076	(672,076)	-
Restricted for Capital Projects	-	-	228,932	228,932	(228,932)	-
Unassigned	131,695	-	-	131,695	(131,695)	-
Total Fund Equity	131,695	672,076	228,932	1,032,703	(1,032,703)	-
Total Liabilities, Fund Equity & Deferred Inflows of Resources	\$ 148,905	\$ 672,515	\$ 232,804	\$ 1,054,224		
NET POSITION						
Net Investment in Capital Assets					(1,240,005)	(1,240,005)
Restricted for Debt Service					672,467	672,467
Unrestricted					132,015	132,015
Total Net Position					\$ (435,523)	\$ (435,523)

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>GOVERNMENTAL FUND TYPES</u>				<u>ADJUST- MENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>		
<u>REVENUES</u>						
Transfer From Master District	\$ 97,621	\$ -	\$ -	\$ 97,621	\$ -	\$ 97,621
Property Taxes	25,078	384,755	-	409,833	711	410,544
Contract Taxes	289,740	-	-	289,740	-	289,740
Interest	4,070	33,230	6,788	44,088	-	44,088
TOTAL REVENUES	416,509	417,985	6,788	841,282	711	841,993
<u>EXPENDITURES</u>						
Current:						
Contract Tax To Master District	289,740	-	-	289,740	-	289,740
Legal Fees	15,421	-	-	15,421	-	15,421
Audit Fees	5,500	-	-	5,500	-	5,500
Accounting Fees	36,889	-	-	36,889	-	36,889
Engineering Fees	4,643	-	-	4,643	-	4,643
Management Fees	10,324	-	-	10,324	-	10,324
Fiscal Agent Fees	1,500	769	-	2,269	-	2,269
Director Salaries and Payroll Taxes	8,881	-	-	8,881	-	8,881
Insurance	1,438	-	-	1,438	-	1,438
Tax Assessor/Collector	11,075	-	-	11,075	-	11,075
Printing and Office Supplies	785	-	-	785	-	785
Postage and Delivery	120	-	-	120	-	120
Legal Notices	1,360	-	-	1,360	-	1,360
Travel	1,185	-	-	1,185	-	1,185
Interest	-	255,576	-	255,576	54,619	310,195
Principal	-	150,000	-	150,000	(150,000)	-
Depreciation	-	-	-	-	224,878	224,878
Capital Expenditures	-	-	6,079,289	6,079,289	(6,079,289)	-
TOTAL EXPENDITURES	388,861	406,345	6,079,289	6,874,495	(5,949,792)	924,703
<u>OTHER FINANCING SOURCES (USES)</u>						
Bond Proceeds	-	337,743	6,792,257	7,130,000	(7,130,000)	-
Bond Discount	-	-	(200,896)	(200,896)	200,896	-
Bond Issuance Costs	-	-	(390,349)	(390,349)	-	(390,349)
NET OTHER SOURCES (USES)	-	337,743	6,201,012	6,538,755	(6,929,104)	(390,349)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	27,648	349,383	128,511	505,542	(505,542)	-
Change in Net Position					(473,059)	(473,059)
Fund Balance/Net Position-Beginning	104,047	322,693	100,421	527,161	(489,625)	37,536
Fund Balance/Net Position-Ending	\$ 131,695	\$ 672,076	\$ 228,932	\$ 1,032,703	\$ (1,468,226)	\$ (435,523)

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies

The basic financial statements of Paseo del Este Municipal Utility District No. 7 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Paseo del Este Municipal Utility District No. 7 of El Paso County (the District), a political subdivision of the State of Texas, was created by an Act of the Texas Legislature. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area. The District has entered into an agreement with Paseo del Este Municipal Utility District No. 1 (Paseo No. 1) under which Paseo No. 1 will serve as the “Master District” for the purpose of providing water acquisition, transportation and treatment, wastewater collection, transportation, treatment and disposal, and drainage facilities and services. Under the terms of this agreement Paseo No. 1 has agreed to provide retail water and wastewater service to customers in the District and reimburse all of the District’s operating expenses in exchange for a commitment from the District to levy an ad valorem tax (contract tax) on property within the District to fund the District’s share of certain costs of Paseo No. 1 not provided for by retail revenues.

These financial statements report the financial activity of Paseo del Este Municipal Utility District No. 7. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors (the Board). The funds and account groups presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

A. Basis of Presentation, Basis of Accounting

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

Government-wide Financial Statements:

The **Statement of Net Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

The **Statement of Activities** presents a comparison between direct expenses and program revenues 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.

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Governmental Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

B. Measurement Focus, Basis of Accounting

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt,

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023

1. Summary of Significant Accounting Policies (continued)

which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long-term debt are reported as other financing sources.

C. Fund Balances

The District has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

E. Pensions

The District has not established a pension plan.

F. Cash and Cash Equivalents

These include cash on deposit as well as investments with maturities of three months or less at the time of purchase.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

H. Capital Assets

Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production and Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the Government-wide column in the Statement of Net Position. Public domain (“infrastructure”) capital assets including water, wastewater and drainage systems, are capitalized as acquired. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received.

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

<u>Asset</u>	<u>Years</u>
Water/Wastewater/Drainage System	50

I. Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivable and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

J. Long-Term Debt

Unlimited tax bonds, which will be issued in the future to acquire capital assets, are to be repaid from tax revenues of the District. In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

K. Deferred Outflows and Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and has been implemented in these financial statements.

L. Recently Issued Accounting Pronouncements

In March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of GASB Statement No. 88 is to improve the consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for reporting periods beginning after June 15, 2018. GASB Statement No. 88 has been implemented in these financial statements.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. The objective of GASB Statement No. 89 is to enhance the relevance and comparability of information about capital assets and to simplify accounting for interest costs incurred before the end of a construction period. Under GASB Statement 89, interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. GASB Statement No. 89 has been implemented in these financial statements.

2. Cash and Investments

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Not all assets meeting the definition of an investment are required to be reported at fair value. Including among excepted investments are certain investments held by 2a7-like external investments pools. As detailed below the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

The District’s investments at year end are shown below.

<u>Investment</u>	<u>Fair Value</u> <u>Level</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	AAAm	1 day average	\$1,004,009

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District’s investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as detailed above.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

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

TexPool – The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

At an election held within the District on May 14, 2011, voters authorized the District to levy an annual ad valorem tax on all taxable property within the District for operation and maintenance purposes and to make certain payments required pursuant to contracts with Paseo No. 1. Voters also authorized the levy of a maintenance tax not to exceed \$1.00 per \$100.00 valuation. Property taxes were levied by the District for the 2022-23 fiscal year at the rate of \$0.0251 per hundred assessed value for maintenance and operations, \$0.3851 per hundred assessed value for debt service and \$0.29 per hundred assessed value for contract tax. The District agreed to remit \$0.29 per hundred assessed value, the contract tax, to the Master District under its cost sharing and utility capacity agreement. Uncollected property taxes amounted to \$711 at the end of the year.

4. Capital Assets

During the current year, the District acquired \$6,079,289 in Water, Wastewater and Drainage facilities serving the District's residents. The District's facilities are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of \$224,879 has been charged to system operations for the year. Accumulated depreciation to date amounts to \$450,581 leaving a net book value of \$10,793,354 at year end.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

4. Capital Assets

A summary of changes in capital assets follows:

	Balance			Balance
<u>Capital Assets:</u>	<u>9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2023</u>
Water WW & Drainage	\$ 5,164,646	6,079,289	-	\$ 11,243,935
Total	5,164,646	6,079,289	-	11,243,935
<u>Accumulated Depreciation:</u>				
Water WW & Drainage	(225,702)	(224,879)	-	(450,581)
Total	(225,702)	(224,879)	-	(450,581)
Total Capital Assets (Net)	\$ 4,938,944	5,854,410	-	\$ 10,793,354

5. Bonds

At an election held within the District on May 14, 2011, voters authorized a total of \$32,000,000 combination unlimited tax and revenue bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, and a drainage and storm water system for the District. The District's bonds are collateralized by the levy of an annual ad valorem tax against all taxable property within the District. The District has no direct borrowings or direct placement debt.

In February 2019, the District issued \$2,000,000 of Unlimited Tax Bonds dated January 15, 2019. The bonds mature serially on August 15, in each year 2021 through 2044, in principal amounts set forth below. Bonds maturing on or after August 15, 2029, are subject to redemption, in whole or in part, on August 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2035, 2037, 2039, 2041 and 2044 are also subject to mandatory sinking fund redemption.

In November 2021, the District issued \$3,660,000 of Unlimited Tax Bonds dated November 1, 2021. The bonds mature serially on August 15, in each year 2023 through 2046, in principal amounts set forth below. Bonds maturing on or after August 15, 2027, are subject to redemption, in whole or in part, on August 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2033, 2035, 2037, and 2046 are also subject to mandatory sinking fund redemption.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

In December 2022, the District issued \$2,750,000 of Unlimited Tax Bonds dated December 1, 2022. The bonds mature serially on August 15, in each year 2024 through 2048, in principal amounts set forth below. Bonds maturing on or after August 15, 2030, are subject to redemption, in whole or in part, on August 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2030, 2032, 2035, 2037, 2039, 2041, 2043, 2045 and 2048 are also subject to mandatory sinking fund redemption.

In September 2023, the District issued \$4,380,000 of Unlimited Tax Bonds dated September 15, 2023. The bonds mature serially on August 15, in each year 2025 through 2048, in principal amounts set forth below. Bonds maturing on or after August 15, 2029, are subject to redemption, in whole or in part, on August 1, 2028, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Bonds maturing in the years 2035, 2037, 2039, 2041, 2043 and 2046 are also subject to mandatory sinking fund redemption.

These bonds are described as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Installments (in thousands)</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Series 2019	2,000,000	45 to 135	2044	3.00 - 4.375%	1,855,000
Series 2021	3,660,000	100 to 220	2046	2.50 - 2.700%	3,560,000
Series 2022	2,750,000	55 to 185	2048	4.50 - 4.750%	2,750,000
Series 2023	4,380,000	95 to 610	2048	4.50 - 4.500%	4,380,000

The change in bonds outstanding during the year is as follows:

<u>Bonds:</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2023</u>
Unlimited Tax Bonds, Series 2019	\$ 1,905,000	-	(50,000)	\$ 1,855,000
Issuance Discount on Bonds	(50,769)	-	2,308	(48,461)
Unlimited Tax Bonds, Series 2021	3,660,000	-	(100,000)	3,560,000
Issuance Discount on Bonds	(106,866)	-	4,453	(102,413)
Unlimited Tax Bonds, Series 2022	-	2,750,000	-	2,750,000
Issuance Discount on Bonds	-	(80,956)	3,114	(77,842)
Unlimited Tax Bonds, Series 2023	-	4,380,000	-	4,380,000
Issuance Discount on Bonds	-	(119,940)	4,613	(115,327)
Total Bond Indebtedness	\$ 5,407,365	\$ 6,929,104	\$ (135,512)	\$ 12,200,957

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

Debt Service Requirements

<u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 215,000	\$ 471,968	\$ 686,968
2025	315,000	483,833	798,833
2026	330,000	472,583	802,583
2027	340,000	460,758	800,758
2028	355,000	448,508	803,508
2029-2033	1,995,000	2,036,833	4,031,833
2034-2038	2,415,000	1,631,896	4,046,896
2039-2043	2,955,000	1,125,447	4,080,447
2044-2048	3,625,000	487,047	4,112,047
Totals	\$ 12,545,000	\$ 7,618,873	\$ 20,163,873

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

7. Contingencies

The District has an obligation to reimburse developers of property in the District costs expended on behalf of the District for the construction of water, sewer and drainage systems designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

9. Summary of General Fund Items

As mentioned in Note 1, the District has entered into agreements with Paseo del Este Municipal District No. 1. Among other things, these agreements require Paseo 1 to reimburse the District's operating expenses and require the District to remit to Paseo 1 the District's Contract Tax collections. The table below summarizes the different elements of these requirements as they affect the District's General Fund.

	General Fund	Covered by	Contract	District
<u>REVENUES</u>	<u>Total</u>	<u>Master District</u>	<u>Tax</u>	<u>Items</u>
Transfer from Master District	\$ 97,621	\$ 97,621	\$ -	\$ -
Property Taxes	25,078	-	-	25,078
Contract Taxes	289,740	-	289,740	-
Interest	4,070	-	-	4,070
TOTAL REVENUES	416,509	97,621	289,740	29,148
 <u>EXPENDITURES</u>				
Contract Tax to Master District	289,740	-	289,740	-
Legal Fees	15,421	15,421	-	-
Audit Fees	5,500	5,500	-	-
Accounting Fees	36,889	36,889	-	-
Engineering Fees	4,643	4,643	-	-
Management Fees	10,324	10,324	-	-
Fiscal Agent Fees	1,500	-	-	1,500
Director Salaries and Taxes	8,881	8,881	-	-
Insurance	1,438	1,438	-	-
Tax Assessor/Collector	11,075	11,075	-	-
Printing & Office Supplies	785	785	-	-
Postage & Delivery	120	120	-	-
Legal Notices	1,360	1,360	-	-
Travel	1,185	1,185	-	-
Capital Expenditures	-	-	-	-
TOTAL EXPENDITURES	388,861	97,621	289,740	1,500
Excess (Deficit)	27,648	-	-	27,648
Fund Balance-Beginning of Year	104,047	-	-	104,047
Fund Balance-End of Year	\$ 131,695	\$ -	\$ -	\$ 131,695

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

10. Subsequent Events

The District has evaluated subsequent events as of December 31, 2023, the date the financial statements were available to be issued.

11. Reconciliation of Government-wide and Fund Financial Statements

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

Governmental Funds Total Fund Balances	\$ 1,032,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,793,354
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(12,200,957)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(61,334)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	<u>711</u>
Total Net Position	<u><u>\$ (435,523)</u></u>

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

11. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

Governmental Funds Excess of Revenues over Expenditures	\$ 505,542
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	711
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 as depreciation expense	
Capital Outlay	6,079,289
Depreciation Expense	(224,878)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Bond Principal	150,000
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	(54,619)
Bond Proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities	
Bond Proceeds	(7,130,000)
Bond Discount	200,896
Change in Net Position	\$ (473,059)

REQUIRED SUPPLEMENTARY INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	ORIGINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Transfer From Master District	\$ 101,850	\$ 97,621	\$ (4,229)
Property Taxes	23,639	25,078	1,439
Contract Taxes	273,110	289,740	16,630
Interest	660	4,070	3,410
	399,259	416,509	17,250
<u>EXPENDITURES</u>			
Current:			
Contract Tax Transfer To Master District	273,110	289,740	(16,630)
Legal Fees	15,000	15,421	(421)
Audit Fees	5,500	5,500	-
Accounting Fees	33,000	36,889	(3,889)
Engineering Fees	5,500	4,643	857
Management Fees	24,000	10,324	13,676
Fiscal Agent Fees	1,500	1,500	-
Director Salaries and Payroll Taxes	7,500	8,881	(1,381)
Insurance	1,500	1,438	62
Tax Assessor/Collector	6,000	11,075	(5,075)
Printing & Office Supplies	525	785	(260)
Postage & Delivery	325	120	205
Legal Notices	1,000	1,360	(360)
Travel	2,000	1,185	815
Capital Expenditures	-	-	-
	376,460	388,861	(12,401)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers to Other Funds	-	-	-
Excess (Deficit) of Revenues over Expenditures	22,799	27,648	4,849
Fund Balance - Beginning of Year	104,047	104,047	-
Fund Balance - End of Year	\$ 126,846	\$ 131,695	\$ 4,849

See accompanying independent auditor's report

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTARY INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

(Schedules included are checked; explanatory notes are provided for omitted schedules).

- [√] Schedule of Services and Rates
- [√] Schedule of General Fund Expenditures
- [√] Temporary Investments
- [√] Analysis of Taxes Levied and Receivable
- [√] General Long Term Debt Service Requirements by Years
- [√] Analysis of Changes in General Long Term Debt
- [√] Comparative Schedule of Revenues and Expenditures - General Fund
- [√] Board Members, Key Personnel, and Consultants

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**SERVICES AND RATES
SEPTEMBER 30, 2023**

1. Services Provided by the District (contractually through Master District):

Retail Water Drainage Solid Waste
Retail Wastewater Parks

2. Retail Rates Based on 5/8” Meter

			Flat	Rate per first	Rate per add'l
	Minimum	Minimum	Rate	1000 Gallons	1000 Gallons
	Charge	Usage	Y/N	Over Minimum	Over Minimum
Water:	n/a	n/a	n/a	n/a	n/a
Wastewater:	n/a	n/a	n/a	n/a	n/a
Surcharge:	n/a	n/a	n/a	n/a	n/a

Total water and wastewater charges per 10,000 gallons usage: n/a

3. Retail Service Provided: Number of retail water and/or wastewater connections.

			Inactive
	Active	Active	Connections
	Connections	EFSC	(EFSC)
Single Family & Total			
Water	n/a	n/a	n/a
Wastewater	n/a	n/a	n/a

4. Total Water Consumption (in thousands) During the Year:

Gallons pumped into system: n/a

Gallons billed to customers: n/a

5. Standby Fees: The District does not assess standby fees.

6. Anticipated sources of funds to be used for debt service payments: Ad Valorem taxes

7. Location of District:

The District is located entirely within El Paso County.

The District is not located within any city.

The District is located within the City of El Paso ETJ

The general membership of the Board is not appointed by an office outside the District.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Current:

Purchased Services for Resale

Water	\$ -
Wastewater	-
Connection Fees	-
	-

Professional Fees

Audit	5,500
Engineering	4,643
Fiscal Agent Fees	1,500
Legal	15,421
	27,064

Contracted Services

Accounting	36,889
Management	10,324
Tax Appraisal/Collection	11,075
	58,288

Utilities

Solid Waste Disposal	-
	-

Administrative

Director Salaries and Payroll Taxes	8,881
Insurance	1,438
Printing and Office Supplies	785
Postage and Delivery	120
Legal Notices	1,360
Travel	1,185
	13,769

Maintenance

Landscape Maintenance	-
Repairs and Maintenance	-
Pond Maintenance	-
	-

Master District Expenses

Contract Tax Transfer To Master District	289,740
	289,740

TOTAL EXPENDITURES	\$ 388,861
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Number of persons employed by the District: -0-

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**TEMPORARY INVESTMENTS
SEPTEMBER 30, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
State Investment Pool	****0004	5.4100%	N/A	\$ 99,082	\$ -
Total				<u>99,082</u>	<u>-</u>
<u>DEBT SERVICE FUND</u>					
State Investment Pool	****0001	5.4100%	N/A	120	-
State Investment Pool	****0003	5.4100%	N/A	<u>672,004</u>	<u>-</u>
Total				<u>672,124</u>	<u>-</u>
<u>CAPITAL PROJECTS FUND</u>					
State Investment Pool	****0006	5.4100%	N/A	105,075	-
State Investment Pool	****0007	5.4100%	N/A	52,032	-
State Investment Pool	****0008	5.4100%	N/A	<u>75,696</u>	<u>-</u>
Total				<u>232,803</u>	<u>-</u>
TOTALS - ALL FUNDS				<u><u>\$1,004,009</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>GENERAL FUND</u>			<u>TOTALS</u>
	<u>MAINTENANCE</u>	<u>CONTRACT</u>	<u>DEBT</u>	
	<u>TAXES</u>	<u>TAXES</u>	<u>SERVICE</u> <u>TAXES</u>	
Taxes Receivable, Beginning of Period	\$ -	\$ -	\$ -	\$ -
2022 Original Levy	25,055	289,486	384,417	698,957
Adjustments	(8)	(94)	(125)	(226)
Add: Penalty & Interest	56	643	854	1,553
 Total to be accounted for	<u>25,103</u>	<u>290,035</u>	<u>385,146</u>	<u>700,284</u>
 Tax collections:				
Current year	25,078	289,740	384,755	699,573
Prior years	-	-	-	-
Total Collections	<u>25,078</u>	<u>289,740</u>	<u>384,755</u>	<u>699,573</u>
 Taxes Receivable, End of Period	<u>\$ 25</u>	<u>\$ 295</u>	<u>\$ 391</u>	<u>\$ 711</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Property Valuations:					
Land & Improvements	<u>99,822,843</u>	<u>58,453,881</u>	<u>31,862,800</u>	<u>24,460,628</u>	<u>22,036,036</u>
Tax Rates Per \$100 Valuation:					
Debt Service tax rates	\$ 0.385100	\$ 0.385100	\$ 0.449023	\$ 0.4500	\$ -
Contract Tax tax rates	\$ 0.290000	\$ 0.290000	\$ 0.290000	\$ 0.2900	\$ 0.2700
Maintenance tax rates	\$ 0.025100	\$ 0.025100	\$ 0.010977	\$ 0.0100	\$ 0.4800
Totals	<u>\$ 0.7002</u>	<u>\$ 0.7002</u>	<u>\$ 0.7500</u>	<u>\$ 0.7500</u>	<u>\$ 0.7500</u>
 Original Tax Levy	<u>\$ 698,960</u>	<u>\$ 409,294</u>	<u>\$ 238,971</u>	<u>\$ 183,455</u>	<u>\$ 165,270</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR 2019 SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	55,000	72,769	127,769
2025	55,000	71,119	126,119
2026	60,000	69,469	129,469
2027	60,000	67,594	127,594
2028	65,000	65,644	130,644
2029	65,000	63,450	128,450
2030	70,000	61,175	131,175
2031	75,000	58,725	133,725
2032	75,000	56,006	131,006
2033	80,000	53,194	133,194
2034	85,000	50,094	135,094
2035	90,000	46,694	136,694
2036	95,000	43,094	138,094
2037	100,000	39,294	139,294
2038	100,000	35,294	135,294
2039	105,000	31,169	136,169
2040	110,000	26,838	136,838
2041	120,000	22,163	142,163
2042	125,000	17,063	142,063
2043	130,000	11,594	141,594
2044	135,000	5,906	140,906
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
	<u>\$ 1,855,000</u>	<u>\$ 968,348</u>	<u>\$ 2,823,348</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR 2021 SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	105,000	92,864	197,864
2025	105,000	90,239	195,239
2026	110,000	87,614	197,614
2027	115,000	84,864	199,864
2028	120,000	81,989	201,989
2029	125,000	78,989	203,989
2030	130,000	75,864	205,864
2031	130,000	72,614	202,614
2032	135,000	69,364	204,364
2033	140,000	65,989	205,989
2034	145,000	62,489	207,489
2035	150,000	58,864	208,864
2036	155,000	55,114	210,114
2037	160,000	51,045	211,045
2038	165,000	46,845	211,845
2039	175,000	42,390	217,390
2040	180,000	37,665	217,665
2041	185,000	32,805	217,805
2042	190,000	27,810	217,810
2043	200,000	22,680	222,680
2044	205,000	17,280	222,280
2045	215,000	11,745	226,745
2046	220,000	5,940	225,940
2047	-	-	-
2048	-	-	-
	<u>\$ 3,560,000</u>	<u>\$ 1,273,062</u>	<u>\$ 4,833,062</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR 2022 SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	55,000	127,850	182,850
2025	60,000	125,375	185,375
2026	65,000	122,675	187,675
2027	65,000	119,750	184,750
2028	70,000	116,825	186,825
2029	75,000	113,675	188,675
2030	75,000	110,206	185,206
2031	80,000	106,738	186,738
2032	85,000	103,038	188,038
2033	90,000	99,106	189,106
2034	95,000	94,944	189,944
2035	100,000	90,550	190,550
2036	105,000	85,925	190,925
2037	110,000	81,069	191,069
2038	115,000	75,981	190,981
2039	120,000	70,663	190,663
2040	125,000	65,113	190,113
2041	130,000	59,331	189,331
2042	140,000	53,319	193,319
2043	145,000	46,844	191,844
2044	155,000	40,138	195,138
2045	160,000	32,775	192,775
2046	170,000	25,175	195,175
2047	175,000	17,100	192,100
2048	185,000	8,788	193,788
	<u>\$ 2,750,000</u>	<u>\$ 1,992,953</u>	<u>\$ 4,742,953</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR 2023 SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	-	178,485	178,485
2025	95,000	197,100	292,100
2026	95,000	192,825	287,825
2027	100,000	188,550	288,550
2028	100,000	184,050	284,050
2029	105,000	179,550	284,550
2030	110,000	174,825	284,825
2031	110,000	169,875	279,875
2032	120,000	164,925	284,925
2033	120,000	159,525	279,525
2034	120,000	154,125	274,125
2035	125,000	148,725	273,725
2036	130,000	143,100	273,100
2037	130,000	137,250	267,250
2038	140,000	131,400	271,400
2039	145,000	125,100	270,100
2040	150,000	118,575	268,575
2041	155,000	111,825	266,825
2042	160,000	104,850	264,850
2043	165,000	97,650	262,650
2044	170,000	90,225	260,225
2045	315,000	82,575	397,575
2046	330,000	68,400	398,400
2047	580,000	53,550	633,550
2048	610,000	27,450	637,450
	<u>\$ 4,380,000</u>	<u>\$ 3,384,510</u>	<u>\$ 7,764,510</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR ALL SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	215,000	471,968	686,968
2025	315,000	483,833	798,833
2026	330,000	472,583	802,583
2027	340,000	460,758	800,758
2028	355,000	448,508	803,508
2029	370,000	435,664	805,664
2030	385,000	422,070	807,070
2031	395,000	407,952	802,952
2032	415,000	393,333	808,333
2033	430,000	377,814	807,814
2034	445,000	361,652	806,652
2035	465,000	344,833	809,833
2036	485,000	327,233	812,233
2037	500,000	308,658	808,658
2038	520,000	289,520	809,520
2039	545,000	269,322	814,322
2040	565,000	248,191	813,191
2041	590,000	226,124	816,124
2042	615,000	203,042	818,042
2043	640,000	178,768	818,768
2044	665,000	153,549	818,549
2045	690,000	127,095	817,095
2046	720,000	99,515	819,515
2047	755,000	70,650	825,650
2048	795,000	36,238	831,238
	<u>\$ 12,545,000</u>	<u>\$ 7,618,873</u>	<u>\$ 20,163,873</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	SERIES 2019	SERIES 2021	SERIES 2022	SERIES 2023	TOTALS
Interest Rate	3.00 - 4.375%	2.5 - 2.7%	4.5 - 4.75%	4.5 - 4.5%	
Dates Interest Payable	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	
Maturity Dates	8/15/21-8/15/44	8/15/23-8/15/46	8/15/24-8/15/48	8/15/25-8/15/48	
Bonds-Beginning of Year	\$ 1,905,000	\$ 3,660,000	\$ -	\$ -	\$ 5,565,000
Bonds Sold During the Year	-	-	2,750,000	4,380,000	7,130,000
Bonds Defeased During the Year	-	-	-	-	-
Retirements During the Year	<u>(50,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Bonds-End of Year	<u>\$ 1,855,000</u>	<u>\$ 3,560,000</u>	<u>\$ 2,750,000</u>	<u>\$ 4,380,000</u>	<u>\$ 12,545,000</u>
Interest Paid During the Year	\$ 74,269	\$ 95,364	\$ 85,944	\$ -	\$ 255,577
Change In Accrued Interest	(188)	(312)	15,993	24,637	40,130
Amortization of Bond Discount	<u>2,308</u>	<u>4,453</u>	<u>3,114</u>	<u>4,613</u>	<u>14,488</u>
Interest on Financial Statements	<u>\$ 76,389</u>	<u>\$ 99,505</u>	<u>\$ 105,051</u>	<u>\$ 29,250</u>	<u>\$ 310,195</u>
Paying Agent:	BOKF	BOKF	BOKF	BOKF	
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Other Bonds</u>		
Authorized By Voters	\$ 32,000,000	\$ -	\$ -		
Amount Issued	\$ 12,790,000	\$ -	\$ -		
Remaining To Be Issued	\$ 19,210,000	\$ -	\$ -		

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2023 \$ 672,124

Average annual debt service payment (principal & interest) for remaining term of all debt \$ 806,555

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	AMOUNTS				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
REVENUES					
Transfer From Master District	\$ 97,621	\$ 73,185	\$ 78,362	\$ 67,981	\$ 77,723
Property Tax	25,078	14,675	3,502	3,239	107,003
Contract Tax	289,740	168,911	92,527	71,204	60,247
Interest	4,070	565	41	1,030	6,744
TOTAL REVENUES	416,509	257,336	174,432	143,454	251,717
EXPENDITURES					
Current:					
Contract Tax To Master District	289,740	168,911	92,527	71,204	60,247
Legal Fees	15,421	13,389	19,829	12,258	20,340
Audit Fees	5,500	5,500	5,500	5,500	4,000
Accounting Fees	36,889	24,406	22,619	22,403	23,575
Engineering Fees	4,643	3,240	3,756	3,803	5,046
Management Fees	10,324	9,910	9,287	8,918	8,494
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500
Director Salaries & Payroll Tax	8,881	6,136	8,881	8,074	9,043
Insurance	1,438	1,438	1,358	1,365	1,365
Tax Assessor/Collector	11,075	6,140	3,235	2,213	2,165
Printing & Office Supplies	785	564	605	464	511
Postage & Delivery	120	137	296	188	162
Legal Notices	1,360	1,510	2,582	1,457	840
Travel	1,185	815	414	1,338	2,181
TOTAL EXPENDITURES	388,861	243,596	172,389	140,685	139,469
Transfer (to) Other Funds	-	-	(564)	(246,131)	-
Excess (Deficit) of					
Revenues over Expenditures	\$ 27,648	\$ 13,740	\$ 1,479	\$ (243,362)	\$ 112,248
TOTAL ACTIVE					
WATER CONNECTIONS	-	-	-	-	-
WW CONNECTIONS	-	-	-	-	-

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	PERCENT OF REVENUES				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
REVENUES					
Transfer From Master District	23%	28%	45%	47%	31%
Property Tax	6%	6%	2%	2%	43%
Contract Tax	70%	66%	53%	50%	24%
Interest	1%	0%	0%	1%	3%
TOTAL REVENUES	100%	100%	100%	100%	100%
EXPENDITURES					
Current:					
Contract Tax To Master District	70%	66%	53%	50%	24%
Legal Fees	4%	5%	11%	9%	8%
Audit Fees	1%	2%	3%	4%	2%
Accounting Fees	9%	9%	13%	16%	9%
Engineering Fees	1%	1%	2%	3%	2%
Management Fees	2%	4%	5%	6%	3%
Fiscal Agent Fees	0%	1%	1%	1%	1%
Director Salaries & Payroll Tax	2%	2%	5%	6%	4%
Insurance	0%	1%	1%	1%	1%
Tax Assessor/Collector	3%	2%	2%	2%	1%
Printing & Office Supplies	0%	0%	0%	0%	0%
Postage & Delivery	0%	0%	0%	0%	0%
Legal Notices	0%	1%	1%	1%	0%
Travel	0%	0%	0%	1%	1%
TOTAL EXPENDITURES	93%	95%	99%	98%	55%
Transfer (to) Other Funds	0%	0%	0%	-172%	0%
Excess (Deficit) of Revenues over Expenditures	7%	5%	1%	-170%	45%
TOTAL ACTIVE					
WATER CONNECTIONS	-	-	-	-	-
WW CONNECTIONS	-	-	-	-	-

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	AMOUNTS				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<u>REVENUES</u>					
Property Tax	\$ 384,755	\$ 224,050	\$ 143,265	\$ 110,159	\$ -
Interest	33,230	2,928	114	1,773	2,339
TOTAL REVENUES	417,985	226,978	143,379	111,932	2,339
<u>EXPENDITURES</u>					
Current:					
Fiscal Agent Fees	769	474	400	395	-
Interest	255,576	147,027	77,119	77,119	37,703
Principal	150,000	50,000	45,000	-	-
TOTAL EXPENDITURES	406,345	197,501	122,519	77,514	37,703
<u>OTHER SOURCES (USES)</u>					
Bond Proceeds	337,743	103,984	-	-	169,318
Bond Issuance Costs	-	-	-	-	-
Transfers To Other Funds	-	-	-	-	-
NET OTHER SOURCES (USES)	337,743	103,984	-	-	169,318
Excess (Deficit) of					
Revenues over Expenditures	\$ 349,383	\$ 133,461	\$ 20,860	\$ 34,418	\$ 133,954

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	PERCENT OF REVENUES				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<u>REVENUES</u>					
Property Tax	92%	99%	100%	98%	n/a
Interest	8%	1%	0%	2%	n/a
TOTAL REVENUES	100%	100%	100%	100%	0%
<u>EXPENDITURES</u>					
Current:					
Fiscal Agent Fees	0%	0%	0%	0%	n/a
Interest	61%	65%	54%	69%	n/a
Principal	36%	22%	31%	0%	n/a
TOTAL EXPENDITURES	97%	87%	85%	69%	n/a
<u>OTHER SOURCES (USES)</u>					
Bond Proceeds	81%	46%	0%	0%	n/a
Bond Issuance Costs	0%	0%	0%	0%	n/a
Transfers To Other Funds	0%	0%	0%	0%	n/a
NET OTHER SOURCES (USES)	81%	46%	0%	0%	n/a
Excess (Deficit) of					
Revenues over Expenditures	84%	59%	15%	31%	n/a

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DISTRICT MAILING ADDRESS: c/o Gordon Davis Johnson & Shane, 4695 N Mesa, El Paso, TX 79912

DISTRICT BUSINESS TELEPHONE NUMBER: (915) 545-1133

LIMITS ON FEES OF OFFICETHAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: \$7,200

<u>NAMES AND ADDRESSES</u>	<u>TERM OF OFFICE</u>	<u>SALARY FYE 9/30/23</u>	<u>REIMBURSEMENTS FYE 9/30/23</u>	<u>TITLE AT YEAR END</u>
<u>DIRECTORS</u>				
Tom Hansen	Elected 5/23-5/27	\$ 450	\$ -	President
Rene Goldfien	Elected 5/21-5/25	600	-	Vice-President
Manuel Garnica	Elected 5/23-5/27	450	-	Secretary
Bernard Moye	Elected 5/21-5/25	600	-	Asst Sec
Lana Ulrich	Elected 5/23-5/27	600	-	Asst Sec
Payments to Former Director		-	-	Former Director
		<u>\$ 2,700</u>	<u>\$ -</u>	

CONSULTANTS

Ronald J. Freeman		\$ 29	\$ -	Attorney
Gordon Davis Johnson & Shane		\$ 15,392	\$ -	Attorney
TRE & Associates		\$ 4,643	\$ -	Engineer
Municipal Accounts & Consulting		\$ 36,889	\$ -	Accountant
West, Davis & Company		\$ 5,500	\$ -	Auditor
Inframark		\$ 10,324	\$ -	Operator

See accompanying independent auditor's report

OTHER INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 7
OF EL PASO COUNTY**

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2023**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of 2023 Certified Taxable Assessed Value</u>
Hakes Brothers EPTX, LLC	\$ 2,384,434	1.32%
Casas De Leon, LLC	1,286,505	0.71%
Desert View Construction, LLC	1,124,132	0.62%
BIC Homes, LLC	1,120,165	0.62%
Autozone Parts, INC	997,380	0.55%
Horizon Desert Breeze, LLC	936,948	0.52%
CTU Metro Homes, INC	846,669	0.47%
Ashish Ventures, LLC	822,511	0.45%
B & B Merritt Real Estate, LLC	812,777	0.45%
Ithaca Development, LLC	780,174	0.43%
Total	\$ 11,111,695	6.14%

**ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2023**

<u>Type of Property</u>	<u>2023 Taxable Assessed Value</u>
Land	\$ 30,096,477
Improvements	162,073,461
Personal Property	2,648,178
Total Assessed Valuation	194,818,116
Exemptions	13,743,669
Total Taxable Appraised Valuation	\$ 181,074,447

See accompanying independent auditor's report