

**PASEO DEL ESTE
MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY**

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

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

WEST, DAVIS & COMPANY, LLP
Certified Public Accountants
Austin, Texas

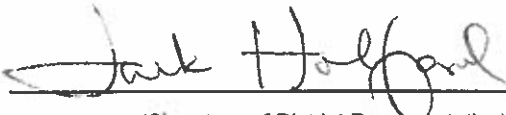
ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF TRAVIS }

I, Jack Holford of the Paseo del Este Municipal Utility District No. 1 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 24th 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 Ronald J. Freeman, Terrill & Waldrop, 810 West 10th Street, Austin, Texas 78701.

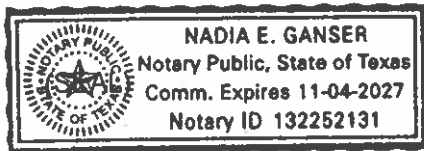
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: January 24, 2024

By: 
(Signature of District Representative)

Jack Holford, President
(Name & Title of above District Representative)

Sworn to and subscribed to before me this 24th day of January 2024.




(Signature of Notary)

My Commission Expires On: November 4, 2027.

Notary Public in and for the State of Texas.

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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. 1
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. 1 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. 1
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. 1 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 \$7.7 million which was an increase of \$2.7 million from the end of the previous year end. Revenue increased from \$16.5 million in the previous fiscal year to \$20.4 million in the current fiscal year primarily due to growth within the District.
- **Debt Service Fund:** This fund balance ended the year at approximately \$598 thousand which was an increase of \$202 thousand. The District issued 4.070 million of unlimited tax bonds for the acquisition of water, wastewater and drainage facilities and paid \$329 thousand in interest and \$315 thousand in principal during the year.
- **Capital Projects Fund:** This fund received \$3.6 million in bond proceeds, net of issuance costs, and used these funds to acquire \$3.3 million in water, wastewater and drainage facilities. The ending fund balance was \$376 thousand.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had revenue in excess of expenses of approximately \$3.5 million. Net position increased from \$6.2 million to \$9.7 million.

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 Districts No. 2-11 (Participant Districts) 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. In addition, the District provides solid waste services as well as landscape maintenance, parks and recreation.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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 Position 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. 1
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		Increase (Decrease)
	(in thousands)		
	September 2023	September 2022	
Current and Other Assets	\$ 12,434	\$ 8,106	\$ 4,328
Capital and Non-Current Assets	12,474	8,470	4,004
Total Assets	24,908	16,576	8,332
Current Liabilities	4,184	2,862	1,322
Long-Term Liabilities	11,061	7,534	3,527
Total Liabilities	15,245	10,396	4,849
Net Investment in Capital			
Assets	1,418	745	673
Restricted	599	396	203
Unrestricted	7,646	5,039	2,607
Total Net Position	\$ 9,663	\$ 6,180	\$ 3,483

The District's total assets were approximately \$25 million as of the end of the current fiscal year. Of this amount, approximately \$11 million is accounted for by cash and short-term investments. The District had outstanding liabilities of approximately \$15 million. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$7.7 million.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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

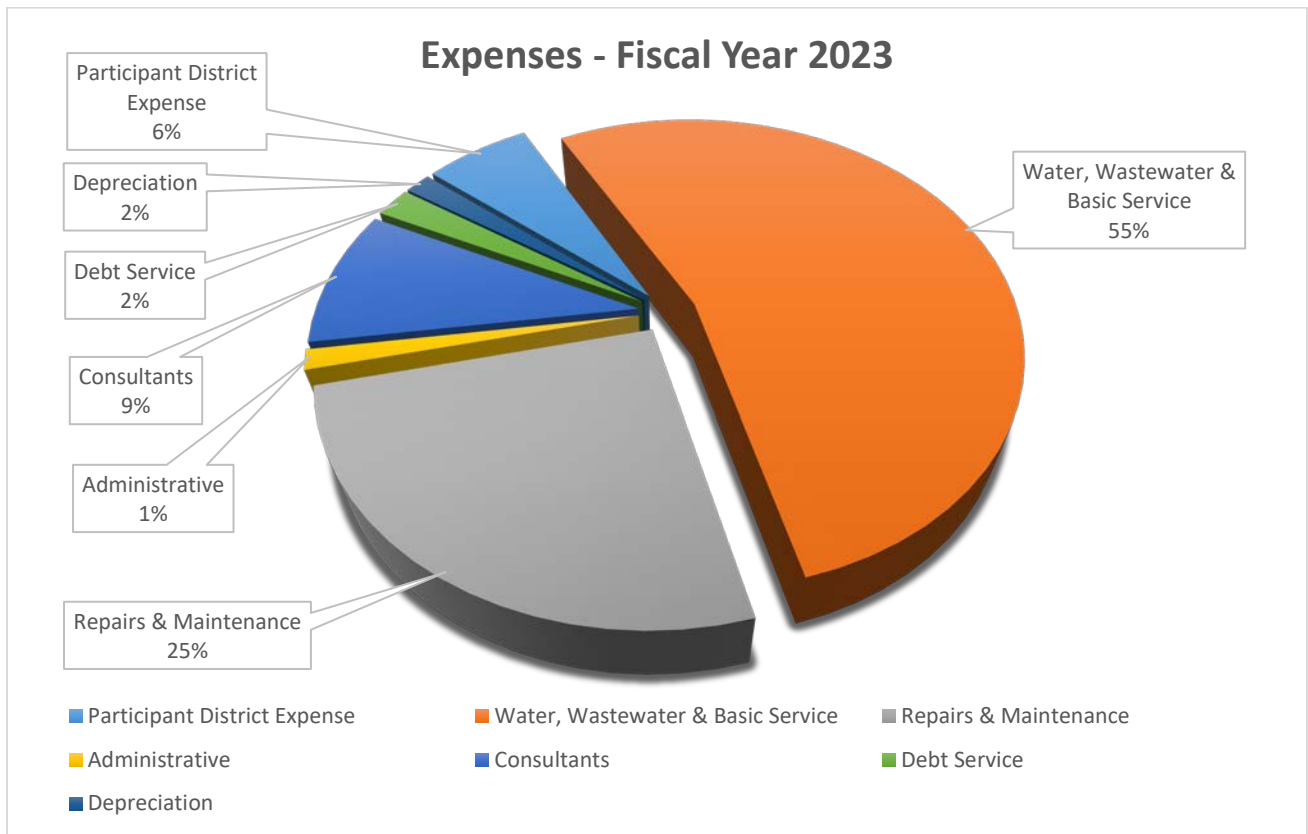
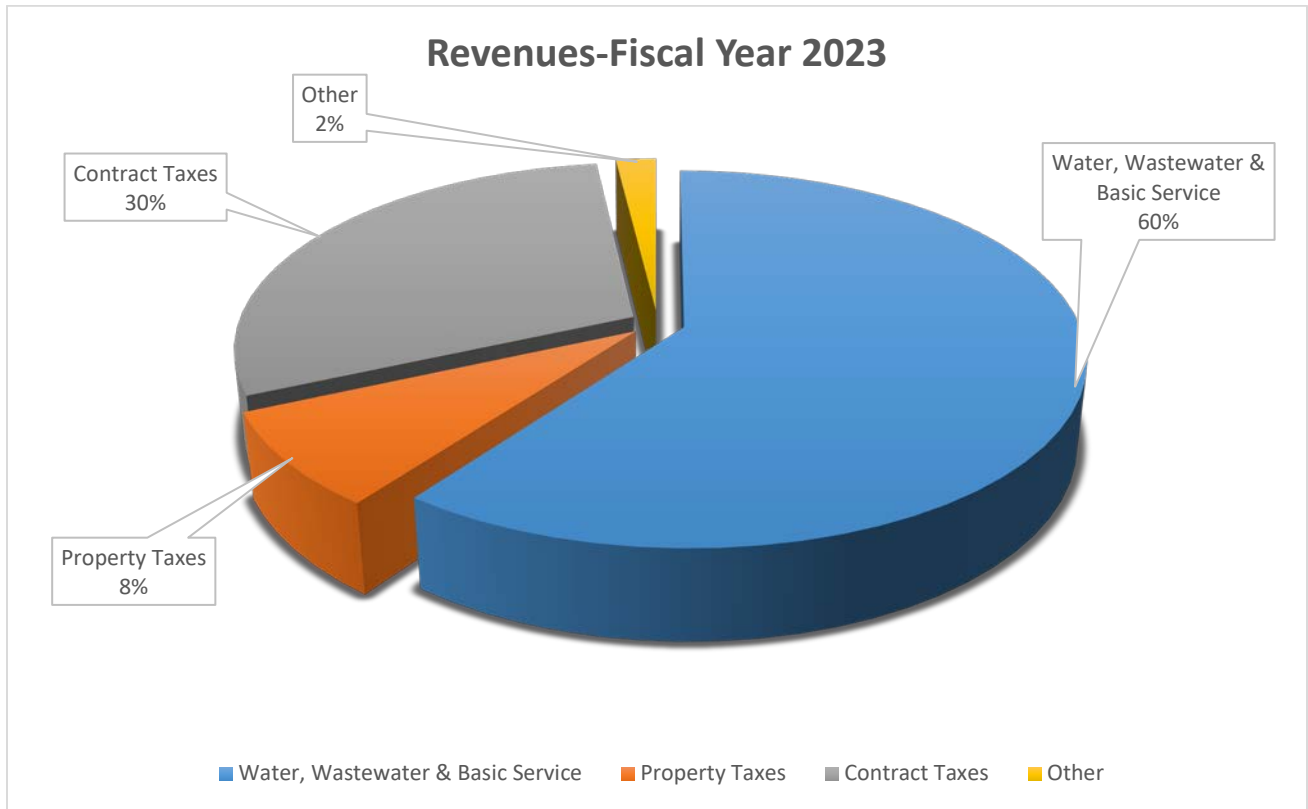
Summary Statement of Activities

	Governmental Activities (in thousands)		Increase (Decrease)
	2023	2022	
Water, Wastewater & Basic Service	\$ 12,821	\$ 11,648	\$ 1,173
Property Taxes	1,734	378	1,356
Contract Taxes	6,344	4,455	1,889
Other	412	49	363
Total Revenues	21,311	16,530	4,781
Participant District Expense	1,055	884	171
Water, Wastewater & Basic Service	9,698	8,288	1,410
Repairs & Maintenance	4,339	2,918	1,421
Administrative	226	179	47
Consultants	1,590	1,166	424
Debt Service	361	128	233
Depreciation	259	170	89
Total Expenses	17,528	13,733	3,795
Other Financing Sources (Uses)	(300)	(435)	135
Change in Net Position	3,483	2,362	1,121
Beginning Net Position	6,180	3,818	2,362
Ending Net Position	\$ 9,663	\$ 6,180	\$ 3,483

Revenues were approximately \$21.3 million for the current fiscal year. Expenses were approximately \$17.8 million, including other financing uses, for the current fiscal year. Net position increased about \$3.5 million primarily due to increased utility and tax revenue. The following charts summarize the sources of revenue and areas of expenses.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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



**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	\$ 11,044	\$ 6,896	\$ 4,148
Accounts Receivable	1,376	1,159	217
Prepaid Expenses	14	51	(37)
Total Assets	12,434	8,106	4,328
Accounts Payable	2,765	1,490	1,275
Deposits	1,049	1,138	(89)
Deferred Revenue	1	-	1
Total Liabilities	3,815	2,628	1,187
Nonspendable	14	51	(37)
Restricted for Debt Service	598	396	202
Restricted for Capital Projects	376	42	334
Unassigned	7,631	4,989	2,642
Total Fund Balances	8,619	5,478	3,141
Total Liabilities and Fund Balances	\$ 12,434	\$ 8,106	\$ 4,328

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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

The General Operating Fund, which pays for daily operating expenses, has an unassigned balance of \$7.6 million at the end of the current fiscal year. This is an increase of \$2.6 million over the prior fiscal year.

The Debt Service Fund increased from \$396 to \$598 thousand due to additional property tax revenue.

The Capital Projects Fund increased from \$42 to \$376 thousand due to the receipt of bond proceeds in excess of the amount expended to acquire utility facilities.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2023 annual budget for the General Fund on September 21, 2022. The budget included revenues of \$19.5 million and expenditures of \$18.2 million. Actual revenue amounted to \$20.4 million and expenditures of \$17.8 million. More detailed information about the District’s budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District has acquired \$12.9 million in infrastructure assets and has received a donation of approximately 26 acres of open space land valued at \$77 thousand in prior years.

Summary of Capital Assets

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2023	September 2022	
Land	\$ 77	\$ 77	\$ -
Water, Wastewater and Drainage System	12,933	8,670	4,263
Accumulated Depreciation	(536)	(277)	(259)
Total Capital Assets (Net)	\$ 12,474	\$ 8,470	\$ 4,004

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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

LONG TERM DEBT

The District issued \$4.070 million in unlimited tax bonds during the year. Total long-term debt outstanding also amounts to \$11.7 million. The proceeds of this issue were used to acquire water, wastewater and drainage facilities from the developers within the District.

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 \$588 million. The tax rates adopted by the District on August 23, 2023, for the coming fiscal year are \$0.2544 for maintenance and operations, \$0.2056 for debt service and \$0.29 for contract tax. The District expects this to produce \$4.4 million in total property tax revenue for next year. The adopted budget for fiscal year 2024 projects an 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 Ronald J. Freeman, Terrill & Waldrop, 810 West 10th Street, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF NET POSITION
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
ASSETS						
Cash	\$ 1,740,718	\$ -	\$ 1	\$ 1,740,719	\$ -	\$ 1,740,719
Investments	8,329,261	598,575	375,879	9,303,715	-	9,303,715
Accounts Receivable (Net of Allowance)	1,371,250	-	-	1,371,250	-	1,371,250
Property Taxes Receivable	838	328	-	1,166	-	1,166
Unrealized Expenses	13,579	-	-	13,579	-	13,579
Due from Participant Districts	3,891	-	-	3,891	-	3,891
Infrastructure Facilities-Net	-	-	-	-	12,473,843	12,473,843
Total Assets	\$ 11,459,537	\$ 598,903	\$ 375,880	\$ 12,434,320	\$ 12,473,843	\$ 24,908,163
LIABILITIES						
Accounts Payable	\$ 2,765,030	\$ 60	\$ -	\$ 2,765,090	46,127	\$ 2,811,217
Deposits	1,048,696	-	-	1,048,696	-	1,048,696
Bonds Payable in less than one year	-	-	-	-	325,000	325,000
Bonds Payable in more than one year	-	-	-	-	11,060,501	11,060,501
Total Liabilities	3,813,726	60	-	3,813,786	11,431,628	15,245,414
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	838	328	-	1,166	(1,166)	-
Total Deferred Inflows	838	328	-	1,166	(1,166)	-
FUND EQUITY						
Nonspendable	13,579	-	-	13,579	(13,579)	-
Restricted for Debt Service	-	598,515	-	598,515	(598,515)	-
Restricted for Capital Projects	-	-	375,880	375,880	(375,880)	-
Unassigned	7,631,394	-	-	7,631,394	(7,631,394)	-
Total Fund Equity	7,644,973	598,515	375,880	8,619,368	(8,619,368)	-
Total Liabilities, Fund Equity & Deferred Inflows of Resources	\$ 11,459,537	\$ 598,903	\$ 375,880	\$ 12,434,320		
NET POSITION						
Net Investment in Capital Assets					1,418,095	1,418,095
Restricted for Debt Service					598,843	598,843
Unrestricted					7,645,811	7,645,811
Total Net Position					\$ 9,662,749	\$ 9,662,749

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF ACTIVITIES
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
REVENUES						
Water Service	\$ 2,768,074	\$ -	\$ -	\$ 2,768,074	\$ -	\$ 2,768,074
Wastewater Service	1,013,616	-	-	1,013,616	-	1,013,616
Basic Service	8,091,115	-	-	8,091,115	-	8,091,115
Service Penalties	247,290	-	-	247,290	-	247,290
Connection Fees	700,756	-	-	700,756	-	700,756
Property Taxes	937,084	795,799	-	1,732,883	1,166	1,734,049
Contract Taxes	1,092,470	-	-	1,092,470	-	1,092,470
Contract Taxes from Participant Districts	5,252,102	-	-	5,252,102	-	5,252,102
Interest on Temporary Investments	344,804	52,055	14,982	411,841	-	411,841
TOTAL REVENUES	20,447,311	847,854	14,982	21,310,147	1,166	21,311,313
EXPENDITURES						
Current:						
Water Purchased	4,078,929	-	-	4,078,929	-	4,078,929
Wastewater Services	2,400,664	-	-	2,400,664	-	2,400,664
Solid Waste Disposal	2,101,640	-	-	2,101,640	-	2,101,640
Connection Fees	994,890	-	-	994,890	-	994,890
Disconnection Fees	121,706	-	-	121,706	-	121,706
Repairs and Maintenance	4,339,091	-	-	4,339,091	-	4,339,091
Legal Fees	244,604	-	-	244,604	-	244,604
Engineering Fees	444,553	-	-	444,553	-	444,553
Audit Fees	25,000	-	-	25,000	-	25,000
Accounting Fees	146,942	-	-	146,942	-	146,942
Management Fees	461,963	-	-	461,963	-	461,963
Professional Fees	266,897	450	-	267,347	-	267,347
Tax Assessor/Collector	45,122	-	-	45,122	-	45,122
Director Salaries and Payroll Taxes	12,169	-	-	12,169	-	12,169
Insurance	2,710	-	-	2,710	-	2,710
Office Rent and Utilities	41,123	-	-	41,123	-	41,123
Printing and Postage	50,268	-	-	50,268	-	50,268
Legal Notices	1,645	-	-	1,645	-	1,645
Miscellaneous	73,892	-	-	73,892	-	73,892
Participant District Expenses	1,055,184	-	-	1,055,184	-	1,055,184
Capital Expenditures	932,932	-	3,329,062	4,261,994	(4,261,994)	-
Interest	-	329,434	-	329,434	31,835	361,269
Principal	-	315,000	-	315,000	(315,000)	-
Depreciation	-	-	-	-	258,646	258,646
TOTAL EXPENDITURES	17,841,924	644,884	3,329,062	21,815,870	(4,286,513)	17,529,357
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	4,070,000	4,070,000	(4,070,000)	-
Bond Discount	-	-	(122,100)	(122,100)	122,100	-
Bond Issuance Costs	-	-	(299,540)	(299,540)	-	(299,540)
NET OTHER SOURCES (USES)	-	-	3,648,360	3,648,360	(3,947,900)	(299,540)
Excess (Deficit) of Revenues over Expenditures	2,605,387	202,970	334,280	3,142,637	(3,142,637)	-
Change in Net Position					3,482,416	3,482,416
Fund Balance/Net Position - Beginning	5,039,586	395,545	41,600	5,476,731	703,602	6,180,333
Fund Balance/Net Position - Ending	\$ 7,644,973	\$ 598,515	\$ 375,880	\$ 8,619,368	\$ 1,043,381	\$ 9,662,749

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
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. 1 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. 1 (the Original District), a political subdivision of the State of Texas, was created by an Act of the 75th Texas Legislature on May 7, 1997. 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. On March 27, 2003, the Board of Directors of the Original District, as allowed in the Act, divided the Original District into nine districts now known as Paseo del Este Municipal Utility Districts Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 9 (hereafter referred to respectively as “the District and PDEMUD 2, 3, 4, 5, 6, 7, 8 and 9” and collectively as “PDEMUDs 1-9”). The District has entered into agreements with PDEMUDs 2-9 as well as Paseo del Este Municipal Utility Districts 10 and 11 under which the District 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 each Participant District and reimburse all of the Participant District’s operating expenses in exchange for a commitment from the Participant District to levy an ad valorem tax (contract tax) on property within the Participant District to fund the Participant 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. 1. 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.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

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.

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.

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
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Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

related fund liability is incurred, except for principal and interest on long term debt, 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. 1
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. The investments, consisting of common trust funds, money market funds, and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

G. Accounts Receivable

Accounts receivable consists primarily of balances due from utility customers. The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to expense. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2019, the allowance for uncollectible accounts amounted to \$1,000.

H. 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.

I. Capital Assets

Capital assets will 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 Assets. 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 estimated useful lives of 50 years.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

J. 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.

K. Long-Term Debt

Unlimited tax bonds, which will be issued 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.

L. 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 these 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.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

M. 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.

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.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

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 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.

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>Fair Value</u>
	<u>Level</u>	<u>Rating</u>	<u>Maturity</u>	
TexPool	N/A	AAAm	1 day average	\$ 8,868,715
CDs	2	AAA	180 days average	\$ 435,000

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 detailed above.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

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 counterpart 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.

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.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying 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. 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 November 8, 2005, voters authorized the District to levy an annual ad valorem tax on all taxable property within the District to make certain payments required pursuant to contracts with PDEMUDs 2-11. 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 at a rate of \$0.2488 on each \$100 of taxable property valuation for maintenance and operations, \$0.2112 for debt service, and \$0.29 for contract taxes for the current fiscal year. Taxes receivable at September 30, 2023 were \$1,166.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

4. Capital Assets

The District acquired \$4,264,994 in Water, Wastewater and Drainage facilities serving the District's and Participant Districts' residents during the current fiscal year. These facilities are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of \$258,646 has been charged to system operations for the year. Accumulated depreciation to date amounts to \$535,774 leaving a net book value of \$12,476,843 at year end. In prior years, the District received a donation of approximately 26.2276 acres of open space land with a market value at the time of the donation of \$77,293.

A summary of changes in capital assets follows:

<u>Capital Assets:</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2023</u>
Land	\$ 77,293	-	-	\$ 77,293
Water WW & Drainage Systems	8,670,330	4,264,994	-	12,935,324
Total	8,747,623	4,264,994	-	13,012,617
<u>Accumulated Depreciation:</u>				
Land	-	-	-	-
Water WW & Drainage Systems	(277,128)	(258,646)	-	(535,774)
Total	(277,128)	(258,646)	-	(535,774)
Total Capital Assets (Net)	\$ 8,470,495	4,006,348	-	\$ 12,476,843

5. Bonds

At an election held within the District on November 8, 2005, voters authorized a total of \$70,000,000 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. As of year-end the District had issued no bonds and there was no outstanding bonded debt. 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. The District has applied for approval from TCEQ to issue its first series of bonds.

In March 2022 the District issued \$7,9450,000 in unlimited tax bonds dated January 1, 2022, and used the proceeds to acquire infrastructure facilities from developers. 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 15, 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 on August 15, 2028, 2030, 2033, 2038, and 2046 are subject to mandatory sinking fund redemption.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
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 \$2,055,000 in unlimited tax bonds dated December 1, 2022, and used the proceeds to acquire infrastructure facilities from developers. The bonds mature serially on August 15, in each year 2023 through 2047, 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 15, 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 on August 15, 2029, 2031, 2033, 2035, 2035, 2041, and 2047 are subject to mandatory sinking fund redemption.

In February 2023 the District issued \$2,015,000 in unlimited tax bonds dated February 15, 2023, and used the proceeds to acquire infrastructure facilities from developers. 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, 2029, are subject to redemption, in whole or in part, on August 15, 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 on August 15, 2029, 2031, 2033, 2035, 2037, 2039, 2042, 2045, and 2048 are 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 2022	7,945,000	205 to 500	2046	2.00 - 3.00%	7,740,000
Series 2022A	2,055,000	85 to 110	2047	4.50 - 5.50%	1,945,000
Series 2023	2,015,000	35 to 150	2048	4.00 - 4.50%	2,015,000

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 2022	\$ 7,945,000	-	(205,000)	\$ 7,740,000
Bond Discount, Series 2022	(205,763)	-	8,573	(197,190)
Unlimited Tax Bonds, Series 2022A	-	2,055,000	(110,000)	1,945,000
Bond Discount, Series 2022A	-	(61,650)	2,466	(59,184)
Unlimited Tax Bonds, Series 2023	-	2,015,000	-	2,015,000
Bond Discount, Series 2023	-	(60,450)	2,325	(58,125)
Total Bond Indebtedness	\$ 7,739,237	\$ 3,947,900	\$ (301,636)	\$11,385,501

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
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Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

Debt service requirements on long-term debt as of the end of the year are as follows:

<u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 325,000	\$ 400,494	\$ 725,494
2025	340,000	391,294	731,294
2026	350,000	381,694	731,694
2027	360,000	371,894	731,894
2028	370,000	361,319	731,319
2029-2033	2,060,000	1,626,008	3,686,008
2034-2038	2,475,000	1,251,364	3,726,364
2039-2043	2,980,000	781,451	3,761,451
2044-2048	2,440,000	227,150	2,667,150
Totals	\$ 11,700,000	\$ 5,792,668	\$ 17,492,668

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.

The District has initiated two legal proceedings related to the wholesale water charges made by El Paso Water Utilities (“EPWU”) under a wholesale water and wastewater supply contract between the parties. The wholesale water charges in dispute were initiated by EPWU as of April 1, 2021. The District has advised EPWU that the charges for wholesale water service from EPWU since April 1, 2021, have been calculated incorrectly in a manner not consistent with the provisions of the wholesale contract and the District has paid EPWU for wholesale water since April 1, 2021, at the wholesale water rate that was being charged by EPWU prior to April 1, 2021, resulting in a difference between what EPWU claims to be owed since April 1, 2021 versus what the District has paid for water since April 1, 2021. The District recently paid an additional amount that it believes brings its payments up to the amount it believes it should have been charged for the period since April 1, 2021.

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

7. Contingencies

EPWU has counterclaimed for the amount it believes is past due. The difference between what the District has paid for water since April 1, 2021, and what EPWA claims is owed, is still claimed as owed by EPWU. The amount in controversy is approximately \$2.5 million through September 30, 2023, and increases by about \$100,000 per month. The District has withheld the disputed portions of the charges and tracks those disputed funds separately. The disputed funds are segregated in a separate bank account. As of September 30, 2023, the balance in this litigation reserve account was approximately \$2.5 million. In addition, the District may increase rates and charges for water service to its customers if necessary to obtain additional funds.

As a result of the dispute, the District has initiated two legal proceedings as described below which it intends to vigorously pursue and for which the District has retained separate legal counsel to represent it in those proceedings.

1. The Court Suit. The District, represented by Gordon Davis Johnson & Shane, PC, filed suit against EPWU in Cause No. 2021DCV3996 in the 210th District Court of El Paso County seeking a declaration by the Court of the rights and responsibilities of the District and EPWU under the wholesale contract, alleging breach of the wholesale contract and requesting declaratory judgment that the wholesale water rate must be calculated according to the formula in the wholesale contract.. This suit is set for trial in May 2024.

2. The Administrative Proceeding. The District, represented by Terrell & Waldrop, also filed a petition with the Texas Public Utility Commission seeking a review of the disputed wholesale water charges claimed by EPWU in PUC Docket No. 52260, 53706 and 55055. The District and EPWU participated in informal mediation, but resolution was not reached. These administrative appeals are abated pending the outcome of the District Court matter.

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.

9. Subsequent Events

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

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
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For the Year Ended September 30, 2023**

10. Reconciliation of Government-wide and Fund Financial Statements

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

Governmental Funds Total Fund Balances	\$ 8,619,368
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	12,473,843
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(11,385,501)
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	(46,127)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	1,166
Total Net Position	<u><u>\$ 9,662,749</u></u>

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
OF EL PASO COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

10. Reconciliation of Government-wide and Fund Financial Statements

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

Governmental Funds Excess of Revenues over Expenditures	\$ 3,142,637
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	1,166
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	4,261,994
Depreciation Expense	(258,646)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Bond Principal	315,000
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	(31,835)
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	(4,070,000)
Bond Discount	122,100
Change in Net Position	<u><u>\$ 3,482,416</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Water Service	\$ 2,934,498	\$ 2,675,000	\$ 2,768,074	\$ 93,074
Wastewater Service	1,105,608	1,105,608	1,013,616	(91,992)
Basic Service	7,535,426	7,995,000	8,091,115	96,115
Service Penalties	120,000	245,000	247,290	2,290
Connection Fees	835,000	636,418	700,756	64,338
Property Taxes	918,842	917,592	937,084	19,492
Contract Taxes	1,069,999	1,069,489	1,092,470	22,981
Contract Tax from Participant Districts	5,003,113	5,003,113	5,252,102	248,989
Interest on Temporary Investments	9,000	331,000	344,804	13,804
TOTAL REVENUES	19,531,486	19,978,220	20,447,311	469,091
EXPENDITURES				
Current:				
Water Purchased	4,114,416	3,500,000	4,078,929	(578,929)
Wastewater Services	2,572,977	2,400,000	2,400,664	(664)
Solid Waste Disposal	2,040,000	2,090,000	2,101,640	(11,640)
Connection Fees	766,000	881,000	994,890	(113,890)
Disconnection Fees	140,000	125,000	121,706	3,294
Repairs and Maintenance	4,371,500	4,439,160	4,339,091	100,069
Legal Fees	200,000	200,000	244,604	(44,604)
Engineering Fees	295,000	460,500	444,553	15,947
Audit Fees	25,000	25,000	25,000	-
Accounting Fees	100,000	150,000	146,942	3,058
Management Fees	395,700	446,000	461,963	(15,963)
Professional Fees	385,200	350,600	266,897	83,703
Tax Assessor/Collector	8,600	45,500	45,122	378
Director Salaries and Payroll Taxes	16,500	12,000	12,169	(169)
Insurance	3,000	3,000	2,710	290
Office Rent and Utilities	52,500	42,100	41,123	977
Printing and Postage	104,620	47,500	50,268	(2,768)
Legal Notices	2,050	2,000	1,645	355
Miscellaneous	40,000	144,350	73,892	70,458
Participant District Expenses	1,189,970	1,189,970	1,055,184	134,786
Capital Expenditures	1,372,000	640,000	932,932	(292,932)
TOTAL EXPENDITURES	18,195,033	17,193,680	17,841,924	(648,244)
Excess (Deficit) of Revenues over Expenditures	1,336,453	2,784,540	2,605,387	(179,153)
Fund Balance - Beginning of Year	5,039,586	5,039,586	5,039,586	-
Fund Balance - End of Year	\$ 6,376,039	\$ 7,824,126	\$ 7,644,973	\$ (179,153)

See accompanying independent auditor's report

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTARY INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

**INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
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. 1
OF EL PASO COUNTY**

**SERVICES AND RATES
SEPTEMBER 30, 2023**

1. Services Provided by the District:

Retail Water Drainage Solid Waste
Retail Wastewater Parks

2. Retail Rates Based on less than 1” Meter

	Minimum	Minimum	Flat	Rate per first	Rate per add'l
	Charge	Usage	Rate	CCF	CCF
			Y/N	Over Minimum	Over Minimum
Basic Service	\$ 79.58	4CCF	Y	N/A	N/A
Water:	\$.00	N/A	N	\$ 3.28	\$ 3.28-10.10
Wastewater:	\$.00	N/A	N	\$ 3.27	\$ 3.27
Surcharge:	-0-				

The District employs winter averaging for wastewater usage.

Total water, wastewater and basic service charges per 13 CCF (10,000 gallons): \$ 138.53

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

	Active	Active	Inactive
	Connections	EFSC	Connections
			(EFSC)
Single Family & Total	9,454	9,454	0

4. Total Water Consumption During the Fiscal Year:

CCF pumped into system: 1,177,623 (880,923,179 Gallons)
CCF billed to customers: 1,162,219 (869,400,187 Gallons)

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. 1
OF EL PASO COUNTY
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Current:

Purchased Services for Resale

Water	\$ 4,078,929
Wastewater	2,400,664
Connection Fees	994,890
Disconnection Fees	121,706
	7,596,189

Professional Fees

Audit	25,000
Engineering	444,553
Legal	244,604
Other	266,897
	981,054

Contracted Services

Accounting	146,942
Management	461,963
Tax Appraisal/Collection	45,122
	654,027

Utilities

Solid Waste Disposal	2,101,640
	2,101,640

Administrative

Director Salaries and Payroll Taxes	12,169
Insurance	2,710
Office Rent and Utilities	41,123
Printing and Postage	50,268
Legal Notices	1,645
Miscellaneous	73,892
	181,807

Maintenance

Landscape Maintenance	877,934
Repairs and Maintenance	2,327,565
Pond Maintenance	1,133,593
	4,339,092

Participant District Expenses

District 2 Expenses	101,356
District 3 Expenses	111,453
District 4 Expenses	83,978
District 5 Expenses	104,396
District 6 Expenses	93,474
District 7 Expenses	97,621
District 8 Expenses	105,552
District 9 Expenses	101,937
District 10 Expenses	138,525
District 11 Expenses	116,891
	1,055,183

Capital Outlay:

932,932

TOTAL EXPENDITURES

\$ 17,841,924

Number of persons employed by the District: -0-

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	xxx0005	5.4100%	N/A	\$ 2,973,005	\$ -
State Investment Pool	xxx0006	5.4100%	N/A	4,921,256	-
CD Veritex Community Bank	xxx0424	4.2400%	12/23/2023	200,000	6,528
CD Wallis Bank	xxx5812	5.0000%	4/24/2024	235,000	5,118
Total				<u>8,329,261</u>	<u>11,646</u>
<u>DEBT SERVICE FUND</u>					
State Investment Pool	xxx0003	5.4100%	N/A	598,575	-
Total				<u>598,575</u>	<u>-</u>
<u>CAPITAL PROJECTS FUND</u>					
State Investment Pool	xxx0007	5.4100%	N/A	375,879	-
Total				<u>375,879</u>	<u>-</u>
TOTALS - ALL FUNDS				<u>\$ 9,303,715</u>	<u>\$ 11,646</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	MAINTENANCE TAXES	CONTRACT TAXES	DEBT SERVICE TAXES
Taxes Receivable, Beginning of Year	\$ -	\$ -	\$ -
2022 Original Levy	937,148	1,092,335	795,521
Adjustments	117	346	441
Add: Penalty & Interest	206	240	175
Total to be accounted for	937,471	1,092,921	796,137
Tax collections:			
Current year	937,084	1,092,470	795,799
Prior years	-	-	-
Total Collections	937,084	1,092,470	795,799
Taxes Receivable, End of Year	\$ 387	\$ 451	\$ 338

	2022	2021	2020	2019	2018
Property Valuations:					
Land & Improvements	376,667,159	82,116,137	18,885,799	17,272,124	16,989,691
Tax Rates Per \$100 Valuation:					
Debt Service tax rates	\$ 0.2112	\$ -	\$ -	\$ -	\$ -
Contract tax rates	\$ 0.2900	\$ 0.2900	\$ 0.2900	\$ 0.2900	\$ 0.2700
Maintenance tax rates	\$ 0.2488	\$ 0.4600	\$ 0.4600	\$ 0.4600	\$ 0.4800
Totals	\$ 0.7500	\$ 0.7500	\$ 0.7500	\$ 0.7500	\$ 0.7500
Original Tax Levy	\$ 2,825,004	\$ 615,871	\$ 141,643	\$ 129,541	\$ 127,423

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	210,000	217,150	427,150
2025	220,000	212,950	432,950
2026	230,000	208,550	438,550
2027	240,000	203,950	443,950
2028	250,000	198,550	448,550
2029	255,000	192,925	447,925
2030	265,000	186,550	451,550
2031	280,000	179,925	459,925
2032	290,000	172,225	462,225
2033	300,000	164,250	464,250
2034	315,000	156,000	471,000
2035	325,000	146,550	471,550
2036	340,000	136,800	476,800
2037	350,000	126,600	476,600
2038	365,000	116,100	481,100
2039	380,000	105,150	485,150
2040	395,000	93,750	488,750
2041	410,000	81,900	491,900
2042	430,000	69,600	499,600
2043	445,000	56,700	501,700
2044	465,000	43,350	508,350
2045	480,000	29,400	509,400
2046	500,000	15,000	515,000
2047	-	-	-
2048	-	-	-
	\$ 7,740,000	\$ 3,113,925	\$ 10,853,925

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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 2022A SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2024	80,000	96,419	176,419
2025	80,000	92,819	172,819
2026	80,000	89,219	169,219
2027	75,000	85,619	160,619
2028	75,000	82,244	157,244
2029	80,000	78,869	158,869
2030	80,000	75,269	155,269
2031	75,000	71,569	146,569
2032	80,000	68,100	148,100
2033	80,000	64,300	144,300
2034	75,000	60,500	135,500
2035	80,000	56,750	136,750
2036	80,000	52,750	132,750
2037	85,000	48,750	133,750
2038	85,000	44,500	129,500
2039	85,000	40,250	125,250
2040	85,000	36,000	121,000
2041	85,000	31,750	116,750
2042	80,000	27,500	107,500
2043	85,000	23,100	108,100
2044	80,000	18,425	98,425
2045	85,000	14,025	99,025
2046	85,000	9,350	94,350
2047	85,000	4,675	89,675
2048	-	-	-
	<u>\$ 1,945,000</u>	<u>\$ 1,272,752</u>	<u>\$ 3,217,752</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	35,000	86,925	121,925
2025	40,000	85,525	125,525
2026	40,000	83,925	123,925
2027	45,000	82,325	127,325
2028	45,000	80,525	125,525
2029	50,000	78,725	128,725
2030	50,000	76,725	126,725
2031	55,000	74,600	129,600
2032	60,000	72,263	132,263
2033	60,000	69,713	129,713
2034	65,000	67,163	132,163
2035	70,000	64,400	134,400
2036	75,000	61,425	136,425
2037	80,000	58,238	138,238
2038	85,000	54,838	139,838
2039	90,000	51,225	141,225
2040	95,000	47,400	142,400
2041	100,000	43,363	143,363
2042	105,000	39,113	144,113
2043	110,000	34,650	144,650
2044	115,000	29,700	144,700
2045	125,000	24,525	149,525
2046	130,000	18,900	148,900
2047	140,000	13,050	153,050
2048	150,000	6,750	156,750
	<u>\$ 2,015,000</u>	<u>\$ 1,405,991</u>	<u>\$ 3,420,991</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	325,000	400,494	725,494
2025	340,000	391,294	731,294
2026	350,000	381,694	731,694
2027	360,000	371,894	731,894
2028	370,000	361,319	731,319
2029	385,000	350,519	735,519
2030	395,000	338,544	733,544
2031	410,000	326,094	736,094
2032	430,000	312,588	742,588
2033	440,000	298,263	738,263
2034	455,000	283,663	738,663
2035	475,000	267,700	742,700
2036	495,000	250,975	745,975
2037	515,000	233,588	748,588
2038	535,000	215,438	750,438
2039	555,000	196,625	751,625
2040	575,000	177,150	752,150
2041	595,000	157,013	752,013
2042	615,000	136,213	751,213
2043	640,000	114,450	754,450
2044	660,000	91,475	751,475
2045	690,000	67,950	757,950
2046	715,000	43,250	758,250
2047	225,000	17,725	242,725
2048	150,000	6,750	156,750
	<u>\$ 11,700,000</u>	<u>\$ 5,792,668</u>	<u>\$ 17,492,668</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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

	<u>SERIES 2022</u>	<u>SERIES 2022A</u>	<u>SERIES 2023</u>	<u>TOTALS</u>
Interest Rate	2.00-3.00%	4.50-5.00%	4.00-4.50%	
Dates Interest Payable	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	
Maturity Dates	8/15/23 to 8/15/46	8/15/23 to 8/15/47	8/15/24 to 8/15/48	
Bonds Outstanding at Beginning of Year	\$ 7,945,000	\$ -	\$ -	\$ 7,945,000
Bonds Sold During the Year	-	2,055,000	2,015,000	4,070,000
Bonds Defeased During the Year	-	-	-	-
Retirements During the Year	<u>(205,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>(315,000)</u>
Bonds Outstanding at End of Year	<u>\$ 7,740,000</u>	<u>\$ 1,945,000</u>	<u>\$ 2,015,000</u>	<u>\$ 11,700,000</u>
Interest Paid During the Year	\$ 221,250	\$ 67,861	\$ 40,323	\$ 329,434
Increase (Decrease) In Accrued Interest	(512)	11,740	7,243	18,471
Amortization of Bond Discount	<u>8,573</u>	<u>2,466</u>	<u>2,325</u>	<u>13,364</u>
Interest on Financial Statements	<u>\$ 229,311</u>	<u>\$ 82,067</u>	<u>\$ 49,891</u>	<u>\$ 361,269</u>
Paying Agent:	BOKF, NA			
	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Other Bonds</u>	
Bond Authority:				
Amount Authorized By Voters	\$ 70,000,000	\$ 70,000,000	\$ -	
Amount Issued	\$ 12,015,000	\$ -	\$ -	
Remaining To Be Issued	\$ 57,985,000	\$ -	\$ -	
Debt Service Fund Cash and Temporary Investments balances as of September 30, 2023				<u>\$ 598,575</u>
Average annual debt service payment (principal & interest) for remaining term of all debt				<u>\$ 699,707</u>

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	AMOUNTS				
	2023	2022	2021	2020	2019
REVENUES					
Water Service	\$ 2,768,074	\$ 2,633,299	\$ 2,087,331	\$ 1,818,629	\$ 1,654,061
Wastewater Service	1,013,616	896,042	706,775	462,774	379,254
Basic Service	8,091,115	7,037,100	5,907,524	4,602,499	3,686,687
Service Penalties	247,290	189,927	100,079	95,007	155,293
Connection Fees	700,756	891,680	944,660	985,027	909,394
Property Taxes	937,084	377,820	93,086	79,454	81,551
Contract Taxes	1,092,470	238,191	58,685	50,091	45,872
Contract Tax from Participant Districts	5,252,102	4,216,793	3,412,068	2,922,969	2,318,749
Interest on Temporary Investments	344,804	44,081	5,725	97,467	51,908
TOTAL REVENUES	20,447,311	16,524,933	13,315,933	11,113,917	9,282,769
EXPENDITURES					
Current:					
Water Purchased	4,078,929	3,274,208	3,710,703	3,136,567	2,470,941
Wastewater Purchased	2,400,664	2,102,779	1,788,782	1,773,974	1,762,810
Solid Waste Disposal	2,101,640	1,884,683	1,645,680	1,393,038	1,160,642
Connection Fees	994,890	901,924	743,727	623,045	530,086
Disconnection Fees	121,706	124,020	107,310	46,165	37,645
Repairs and Maintenance	4,339,091	2,917,321	2,725,011	2,424,707	2,037,762
Legal Fees	244,604	174,353	169,687	137,242	64,650
Engineering Fees	444,553	295,054	166,756	158,283	100,906
Audit Fees	25,000	25,000	21,500	18,500	12,000
Accounting	146,942	86,373	79,113	73,672	70,200
Management Fees	461,963	377,730	256,262	110,159	111,983
Consulting Fees	266,897	207,715	146,133	-	-
Tax Assessor/Collector	45,122	9,709	1,817	1,472	1,550
Director Salaries and Payroll Taxes	12,169	11,142	13,402	15,502	8,881
Insurance	2,710	2,052	1,597	1,585	1,585
Office Rent and Utilities	41,123	36,107	33,787	29,826	17,907
Printing and Postage	50,268	78,806	91,784	68,967	76,324
Legal Notices	1,645	1,674	1,040	1,898	840
Miscellaneous	73,892	39,260	10,137	28,508	9,230
Participant District Expenses	1,055,184	883,722	887,145	800,134	793,589
Capital Expenditures	932,932	152,765	58,650	788,867	257,006
TOTAL EXPENDITURES	17,841,924	13,586,397	12,660,023	11,632,111	9,526,537
Excess (Deficit) of					
Revenues over Expenditures	\$ 2,605,387	\$ 2,938,536	\$ 655,910	\$ (518,194)	\$ (243,768)
TOTAL ACTIVE CONNECTIONS	9,454	9,023	8,177	7,203	6,188

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	PERCENT OF REVENUES				
	2023	2022	2021	2020	2019
REVENUES					
Water Service	14%	16%	16%	16%	18%
Wastewater Service	5%	5%	5%	4%	4%
Basic Service	40%	43%	44%	41%	40%
Service Penalties	1%	1%	1%	1%	2%
Connection Fees	3%	5%	7%	9%	10%
Property Taxes	5%	2%	1%	1%	1%
Contract Taxes	5%	1%	0%	0%	0%
Contract Tax from Participant Districts	26%	26%	26%	26%	25%
Interest on Temporary Investments	2%	0%	0%	1%	1%
TOTAL REVENUES	100%	100%	100%	100%	100%
EXPENDITURES					
Current:					
Water Purchased	20%	20%	28%	28%	27%
Wastewater Purchased	12%	13%	13%	16%	19%
Solid Waste Disposal	10%	11%	12%	13%	13%
Connection Fees	5%	5%	6%	6%	6%
Disconnection Fees	1%	1%	1%	0%	0%
Repairs and Maintenance	21%	18%	20%	22%	22%
Legal Fees	1%	1%	1%	1%	1%
Engineering Fees	2%	2%	1%	1%	1%
Audit Fees	0%	0%	0%	0%	0%
Accounting	1%	1%	1%	1%	1%
Management Fees	2%	2%	2%	1%	1%
Consulting Fees	1%	1%	1%	0%	0%
Tax Assessor/Collector	0%	0%	0%	0%	0%
Director Salaries and Payroll Taxes	0%	0%	0%	0%	0%
Insurance	0%	0%	0%	0%	0%
Office Rent and Utilities	0%	0%	0%	0%	0%
Printing and Postage	0%	0%	1%	1%	1%
Legal Notices	0%	0%	0%	0%	0%
Miscellaneous	0%	0%	0%	0%	0%
Participant District Expenses	5%	5%	7%	7%	9%
Capital Expenditures	5%	1%	0%	7%	3%
TOTAL EXPENDITURES	87%	82%	95%	105%	103%
Excess (Deficit) of					
Revenues over Expenditures	13%	18%	5%	-5%	-3%
TOTAL ACTIVE CONNECTIONS	9,454	9,023	8,177	7,203	6,188

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

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

	AMOUNTS				
	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>REVENUES</u>					
Property Tax	795,799	-	-	-	-
Interest	52,055	4,184	-	-	-
TOTAL REVENUES	847,854	4,184	-	-	-
<u>EXPENDITURES</u>					
Debt Service:					
Fiscal Agent Fees	450	-	-	-	-
Interest	329,434	100,792	-	-	-
Principal	315,000	-	-	-	-
TOTAL EXPENDITURES	644,884	100,792	-	-	-
OTHER FINANCING SOURCES (USES)	-	492,153	-	-	-
Excess (Deficit) of Revenues over Expenditures	202,970	395,545	-	-	-

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
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	94%	0%	n/a	n/a	n/a
Interest	6%	100%	n/a	n/a	n/a
TOTAL REVENUES	100%	100%	n/a	n/a	n/a
<u>EXPENDITURES</u>					
Debt Service:					
Fiscal Agent Fees	0%	0%	n/a	n/a	n/a
Interest	39%	2409%	n/a	n/a	n/a
Principal	37%	0%	n/a	n/a	n/a
TOTAL EXPENDITURES	76%	2409%	n/a	n/a	n/a
OTHER FINANCING SOURCES (USES)					
	0%	11763%	n/a	n/a	n/a
Excess (Deficit) of Revenues over Expenditures	24%	9454%	n/a	n/a	n/a

See accompanying independent auditor's report

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

DISTRICT MAILING ADDRESS: c/o Terrill & Waldrop, 810 W 10th Street, Austin, TX 78701

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 797-6649

LIMITS ON FEES OF OFFICE THAT 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>				
Jack Holford	Elected 5/23-5/27	\$ 2,013	\$ -	President
Dan Roark	Elected 5/23-5/27	\$ 1,713	\$ -	Vice-President
Ken Mills	Elected 5/21-5/25	\$ 1,792	\$ -	Secretary
Sid Covington	Elected 5/23-5/27	\$ 3,063	\$ -	Asst Sec
Larry L. Mellenbruch	Elected 5/21-5/25	\$ 2,084	\$ -	Asst Sec
		<u>\$ 10,665</u>	<u>\$ -</u>	

CONSULTANTS

Ronald J. Freeman	\$ 12,777	\$ -	Attorney
Terrill & Waldrop	\$ 270,949	\$ -	Attorney
Gordon Davis Johnson & Shane	\$ 130,572	\$ -	Attorney
Expergy	\$ 38,501	\$ -	Rate Consultant
TRE & Associates	\$ 484,269	\$ -	Engineer
Hilltop Securities	\$ 32,600	\$ -	Financial Advisor
Municipal Accounts & Consulting	\$ 156,045	\$ -	Accountant
West, Davis & Company	\$ 40,000	\$ -	Auditor
Inframark	\$ 177,573	\$ -	Operator
Franklin Mountain Land Services	\$ 284,390	\$ -	Chief Operating Officer

See accompanying independent auditor's report

OTHER INFORMATION

**PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 1
OF EL PASO COUNTY**

**PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2023**

Taxpayer	Taxable Assessed Value	% of 2023 Certified Taxable Assessed Value
Amazon.com Services, LLC	\$ 211,226,466	35.93%
Emerald Pass 12101 Project, LLC	163,735,587	27.86%
SL6 EP Industrial, LP	25,207,970	4.29%
ROP Eastlake, LLC	20,506,792	3.49%
CPREIF Rojas, LLC	17,376,840	2.96%
Logica Properties, LLC	17,000,000	2.89%
River Oaks (Montwood), LTD	12,772,722	2.17%
DI El Paso Logistics Park, LP	9,196,841	1.56%
Texas M-H, LLC	3,678,976	0.63%
Amazon Logistics, INC	2,507,010	0.43%
Total	\$ 483,209,204	82.21%

* Project Developer and related entities.

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

Type of Property	2023 Taxable Assessed Value
Land	\$ 50,349,415
Improvements	324,539,113
Personal Property	386,758,915
Total Assessed Valuation	761,647,443
Exemptions	173,839,312
Total Taxable Appraised Valuation	\$ 587,808,131

See accompanying independent auditor's report