

March 10, 2015

To the Board of Directors  
El Paso Downtown Management District

We have audited the financial statements of the governmental activities of the El Paso Downtown Management District for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 3, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by El Paso Downtown Management District are described in Note I to the financial statements. One new accounting policy (GASB Statement #65) was adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the El Paso Downtown Management District's financial statements were:

The fair market value of the investments. We evaluated the key factors and assumptions used to determine the fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the ability to collect unpaid taxes. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciation is based on GAAP. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. During the audit process, year-end adjustments were recorded as deemed necessary by management and are available for review.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 10, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the El Paso Downtown Management District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the El Paso Downtown Management District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Budgetary Comparison Schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI

Restriction on Use

This information is intended solely for the use of Board of Directors and management of El Paso Downtown Management District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Gibson, Ruddock, Patterson LLC

**EL PASO DOWNTOWN MANAGEMENT DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
El Paso Downtown Management District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities of the El Paso Downtown Management District, (DMD), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the DMD's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the El Paso Downtown Management District, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### *Change in Accounting Principle*

As described in Note I to the financial statements, in 2014, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 27 be presented to supplement the basic financial statements. Such information, 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.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015 on our consideration of the El Paso Downtown Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Paso Downtown Management District's internal control over financial reporting and compliance.

*Gilson Ruddock Petterson LLC*

El Paso, Texas  
March 10, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the El Paso Downtown Management DMD's (the DMD) financial performance provides an overview of the DMD's financial activities for the fiscal year ended September 30, 2014.

### FINANCIAL HIGHLIGHTS

- The assets of the DMD exceeded its liabilities at the close of the most recent fiscal year by \$613,353. Of this amount, \$549,312 (unrestricted net position) may be used to meet the DMD's ongoing obligations.
- At the end of the fiscal year, the DMD had an increase in net position of \$79,752 in the general fund.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the DMD's basic financial statements. The DMD's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The Statement of Net Position presents information on all of the DMD's assets and liabilities. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the DMD is improving or deteriorating.

The Statement of Activities includes all the revenue and expenses generated by the DMD's operations during the year. The accrual basis of accounting is used, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

### REPORTING THE DMD'S MOST SIGNIFICANT FUNDS

The fund financial statements provide detailed information about the most significant funds, not the DMD as a whole. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The DMD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DMD are combined in the governmental funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the DMD's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the DMD's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The DMD adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.



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

**GOVERNMENT – WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the DMD, assets exceeded liabilities by \$613,353 at the close of the most recent fiscal year.

The largest portion of the DMD’s net position is unrestricted. The DMD may use these assets to provide future services to the consumers as needed.

**EL Paso Downtown Management DMD  
Statement of Net Position  
Government – Wide**

<u>Governmental Activities</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 707,344	\$ 627,862
Capital Assets	<u>64,041</u>	<u>41,883</u>
Total Assets	<u>771,385</u>	<u>669,745</u>
Current liabilities	<u>158,032</u>	<u>136,144</u>
Total Liabilities	<u>158,032</u>	<u>136,144</u>
Net Position:		
Net investment in capital assets	64,041	41,883
Unrestricted	<u>549,312</u>	<u>491,718</u>
Total Net Position	<u>\$ 613,353</u>	<u>\$ 533,601</u>

**GOVERNMENTAL ACTIVITIES**

Program revenues for the DMD’s governmental activities were \$682,381, while total expenses were \$963,104. There was no change in net position before general revenue, transfers, and special items.

Table 2 presents the cost of each program of the DMD. The net cost shows the DMD’s reliance on the DMD’s property tax revenue.

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues		
Charges for services	\$ 271,974	\$ 110,112
Operating grants and contributions	<u>410,407</u>	<u>266,567</u>
Subtotal	<u>682,381</u>	<u>376,679</u>
General Revenues		
Property taxes	359,352	414,510
Investment earnings	793	1,322
Miscellaneous revenue	<u>330</u>	<u>13,822</u>
Subtotal	<u>360,475</u>	<u>429,654</u>
Total Revenue	<u>1,042,856</u>	<u>806,333</u>
Expenses		
Administrative Staff	293,282	239,860
Administrative Office	63,018	91,191
Sanitation	193,879	174,370
Promotion and advertising	41,372	123,587
Community projects	316,922	213,092
Parking	5,682	8,218
Professional services	<u>48,949</u>	<u>22,536</u>
Total Expenses	<u>963,104</u>	<u>872,854</u>
Increase (decrease) in Net Position	79,752	(66,521)
Beginning Net Position	<u>533,601</u>	<u>600,122</u>
Ending Net Position	<u>\$ 613,353</u>	<u>\$ 533,601</u>

**FINANCIAL ANALYSIS OF THE DMD’S FUNDS**

**Governmental funds** - As the DMD completed the year, its governmental funds (as presented in the balance sheet) reported a fund balance of \$540,958, which is an increase of \$90,500.

The focus of the DMD’s governmental funds is to provide information on near term inflows, outflows and balances of available resources. Such information is useful in assessing the DMD’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the only operating fund of the DMD. At the end of the current fiscal year, fund balance in the General Fund of \$540,958 was designated for working capital to cover ongoing operations. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. An analysis of significant balances follows:

- Tax revenues including penalties and interest decreased by 6%.
- Charges for services increased 147% from the prior year.
- Grant revenue increased \$273,000 from the prior year.
- Administration staff expenses increased \$54,000 from the prior year.
- Sanitation expenses increased \$20,767 from the prior year.
- Administration office decreased \$27,000 from the prior year.
- Promotion and advertising decreased \$82,000 from the prior year.
- Professional fees increased \$26,000 from the prior year.
- Community projects increased \$172,000 mainly due to the Wayfinding program.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

At the end of the fiscal year, the DMD's actual revenues exceeded projected revenues by \$325,305. The significant variance in revenues resulted in an underestimation in tax revenue and grant revenue. There are three expenditures categories listed in the Budgetary Comparison Schedule that contain significant variances as identified by the DMD. These are as follows:

- Community projects such as the Wayfinding project were not budgeted.
- Security was \$20,000 under budget.
- Promotion and advertising were \$23,128 under budget.

The significant variances listed above will not significantly impact future services or liquidity.

### **CAPITAL ASSETS**

*Capital Assets* - The DMD's investment in capital assets as of September 30, 2014 was \$64,041 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The tax rate will remain at \$0.12 per \$100 valuation for the eighth consecutive year. The tax revenue is estimated to be \$397,637 for the fiscal year 2014-2015. The budget for the fiscal year 2014-2015, has a deficit of \$99,377 that will be paid for using available funds from the beginning of the year.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the El Paso Downtown Management DMD's finances and the DMD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the El Paso Downtown Management DMD's Finance Department, 201 E. Main, Suite 107, El Paso, TX, 79901-1336.

## **BASIC FINANCIAL STATEMENTS**

EL PASO DOWNTOWN MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	<u>Primary Government</u>
ASSETS	<u>Governmental Activities</u>
Cash	\$ 335,516
Texpool investments	251,015
Certificate of Deposit	101,460
Property tax receivable	9,017
Other receivables	<u>10,336</u>
Total current assets	<u>707,344</u>
Capital assets	
Vehicles and equipment, net	<u>64,041</u>
Total assets	<u><u>\$ 771,385</u></u>
LIABILITIES	
Accounts payable	\$ 53,026
Accrued expenses	6,030
Unearned revenue - facade program	<u>98,976</u>
Total liabilities	<u>158,032</u>
NET POSITION	
Net investment in capital assets	64,041
Unrestricted net position	<u>549,312</u>
Total net position	<u>613,353</u>
Total liabilities and net position	<u><u>\$ 771,385</u></u>

The accompanying notes are an integral part of these financial statements.

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Expenses	Charges for Services	Program Revenues	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
Administrative Staff	\$ 293,282	\$ -	\$ -		\$ (293,282)
Administrative Office	63,018	-	-		(63,018)
Sanitation	193,879	223,709	-		29,830
Promotion and advertising	41,372	-	-		(41,372)
Community projects	316,922	48,265	410,407		141,750
Parking	5,682	-	-		(5,682)
Professional fees	48,949	-	-		(48,949)
	<hr/>				
Total governmental activities	963,104	271,974	410,407		(280,723)
	<hr/>				
Total primary government:	963,104	271,974	410,407		(280,723)
	<hr/>				
General revenues:					
Taxes:					
Property taxes, levied for general purposes					359,352
Investment earnings					793
Miscellaneous revenue					330
					<hr/>
Total general revenues					360,475
					<hr/>
Change in net position					79,752
					<hr/>
Net position - beginning					533,601
					<hr/>
Net position - ending					\$ 613,353
					<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2014

ASSETS	General Fund	Facade Program	Total Governmental Funds
Cash	\$ 335,516	\$ -	\$ 335,516
Texpool investments	251,015	-	251,015
Certificate of deposit	101,460	-	101,460
Property tax receivable	9,017	-	9,017
Due from other funds	-	98,976	98,976
Other receivables	10,336	-	10,336
	<hr/>		<hr/>
Total current assets	707,344	98,976	806,320
	<hr/>		<hr/>
Total assets	\$ 707,344	\$ 98,976	\$ 806,320
	<hr/>		<hr/>
<b>LIABILITIES</b>			
Accounts payable	\$ 53,026	\$ -	\$ 53,026
Accrued expenses	6,030	-	6,030
Due to other funds	98,976	-	98,976
Unearned revenue	-	98,976	98,976
	<hr/>		<hr/>
Total liabilities	158,032	98,976	257,008
	<hr/>		<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property taxes	8,353	-	8,353
	<hr/>		<hr/>
Total deferred inflows of resources	8,353	-	8,353
	<hr/>		<hr/>
<b>FUND BALANCE</b>			
Fund Balance:			
Assigned to Facade program	150,000		150,000
Unassigned	390,959	-	390,959
	<hr/>		<hr/>
Total fund balance	540,959	-	540,959
	<hr/>		<hr/>
Total liabilities and fund balance	\$ 707,344	\$ 98,976	\$ 806,320
	<hr/>		<hr/>

The accompanying notes are an integral part of these financial statements.



EL PASO DOWNTOWN MANAGEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

Total Fund Balance - Governmental Fund	\$ 540,959
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$191,062 and the accumulated depreciation was \$149,179. The net effect of including the balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	41,883
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government wide financial statements. The net effect of including the 2014 capital outlays is to increase net position.	29,898
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(7,740)
Recognition of unavailable tax revenue as revenue	<u>8,353</u>
Net Position of Governmental Activities	<u>\$ 613,353</u>

The accompanying notes are an integral part of these financial statements.

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Facade Program	Total Governmental Funds
Revenues:			
Taxes (ad valorem)	\$ 392,258	\$ -	\$ 392,258
Charges for services	271,974	-	271,974
Grant	279,859	130,548	410,407
Interest income	793	-	793
Miscellaneous revenue	330	-	330
	<hr/>		
Total revenues	945,214	130,548	1,075,762
	<hr/>		
Expenditures:			
Sanitation	187,092	-	187,092
Administrative Staff	293,282	-	293,282
Promotion and advertising	41,372	-	41,372
Administrative office	63,652	-	63,652
Community Projects	214,685	130,548	345,233
Parking	5,682	-	5,682
Professional fees	48,949	-	48,949
	<hr/>		
Total expenditures	854,714	130,548	985,262
	<hr/>		
Net change in fund balance	90,500	-	90,500
	<hr/>		
Fund balance, October 1, 2013 (Beginning)	450,459	-	450,459
	<hr/>		
Fund balance, September 30, 2014 (Ending)	\$ 540,959	\$ -	\$ 540,959
	<hr/>		

The accompanying notes are an integral part of these financial statements.

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Total Net Change in Fund Balance - Governmental Fund	\$ 90,500
The effect of including the change in unavailable tax revenue of 2014 is to decrease in net position.	(32,906)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government wide financial statements. The effect of including the 2014 capital outlays is to increase in net position.	29,898
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	<u>(7,740)</u>
Change in Net Position of Governmental Activities	<u>\$ 79,752</u>

The accompanying notes are an integral part of these financial statements.

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the El Paso Downtown Management District, (DMD), have been prepared in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and the requirements of contracts and grants of agencies from which it receives funds. The DMD's most significant accounting policies are described below.

**A. Reporting Entity**

On March 5, 1997 the Texas Natural Resource Conservation Commission granted the petition for the creation of the El Paso Downtown Management District of El Paso County. The DMD was created under the terms and conditions of Tex. Loc. Gov't Code Ann. 375.022. The primary focus of the DMD is to make downtown El Paso clean, make downtown accessible, make downtown safe and promote the downtown area.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the DMD's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State funds, grants and other intergovernmental revenues.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Statement of Activities demonstrates how other people or entities that participate in programs the DMD operates have shared in the payment of the direct costs. The "grants and contributions" column includes amounts paid by organizations outside the DMD to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the DMD's functions. Taxes are always general revenues.

The fund financial statements provide reports on the financial condition and results of operations for the governmental fund category.

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. The DMD considers all revenues available if they are collectible within 60 days after year end.

Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized revenue in the period that the amounts become available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors might require the DMD to refund all or part of the unused amount.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and 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. The District's Statements as of September 30, 2014 are presented in accordance with the guidance provided by this Statement.

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Net Position on the Statement of Net Position**

*Net investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

*Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

E. **Fund Accounting**

The District reports the following major governmental funds:

The General Fund - The general fund is the DMD's primary operating fund.

The Facade Program Fund - The facade program fund's primary purpose to encourage downtown property owners to update the facade on their buildings. The program was established by an interlocal agreement with the City of El Paso and it jointly funded by the City and the DMD.

F. **Fund Balance**

DMD reports the following fund balance categories which describe the nature and the relative strength of the spending constraints:

- **Nonspendable fund balance** - Represents amounts that are not in spendable form, such as inventory, or are required to be maintained intact.
- **Restricted fund balance** - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - Represents amounts constrained to specific purposes by the DMD itself, using its highest level of decision-making authority, i.e., Board of Directors. To be reported as committed, amounts cannot be used for any other purpose unless the DMD's Board of Directors approves the changes by Board Resolution.

(Continued)

# EL PASO DOWNTOWN MANAGEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned fund balance** - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the DMD Board of Directors.
- **Unassigned fund balance** - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as commitments of the fund. Assigned fund balance is established by the Board of Directors.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the DMD considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the DMD considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in their commitment or assignment actions.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

- G. **Cash and Cash Equivalents** - The funds of the DMD must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The DMD considers cash and cash equivalents to be demand deposit accounts and time deposits with a maturity date of less than 90 days. The DMD's cash consists of a demand deposit account held at a financial institution and time deposits at other financial institutions.

### H. Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the DMD to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

investment contracts, (10) and common trust funds. The Act also requires the DMD to have independent auditors perform test procedures related to investment practices as provided by the Act. The DMD is in substantial compliance with the requirements of the Act and with local policies.

DMD invests in authorized investment pools. Investments are carried at fair market value.

Additional policies and contractual provisions governing deposits and investments for DMD are specified below:

***Custodial Credit Risk :***

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. Investment pools are not categorized because they are not evidenced by securities that exist in physical or book-entry form.

***Foreign Currency Risk:***

Deposits - The DMD eliminates the risk that changes in exchange rates will adversely affect a deposit by not having any deposits or investments denominated in a foreign currency.

Temporary Investments - The DMD eliminates the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools which are denominated in a foreign currency.

***Credit Risk:***

Deposits - The DMD is not exposed to credit risk.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2014, the DMD's investments in TexPool was rated AAAM by Standard & Poors.

(Continued)



# EL PASO DOWNTOWN MANAGEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Concentration of Credit Risk:*

Deposits - The DMD is not exposed to concentration of credit risk.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. Concentration of Credit Risk is not applicable to these investment pools since the purpose of these pools and funds is to diversify the District's investment portfolio.

#### *Interest Rate Risk:*

Deposits The DMD is not exposed to interest rate risk.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. The District's portfolio is in compliance with its policy. All of the District's investment pools qualify as 2a7-like pools and are excluded from the interest rate risk disclosure requirement per paragraph 15 of the GASB 40 Statement.

### I. Capital Assets

The DMD defines capital assets as assets that have an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Additions are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is calculated using the straight line method over the estimated useful life of the assets. Vehicles and heavy equipment are depreciated over seven years and other equipment is depreciated over five years.

J. Property Tax Receivable - The unpaid amounts due on property taxes are shown as property tax receivable. No allowance for uncollectible accounts is maintained as accounts are written off when they are determined to be uncollectible. Generally accepted accounting principles require that an allowance for uncollectible accounts be maintained in lieu of the direct charge-off method. However, in this case management has determined that such an allowance would be immaterial with respect to the financial statements taken as a whole.

K. Interfund balances- The interfund balances are a result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year.

L. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

Page 13 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds.

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

Page 15 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year depreciation is not recognized as an expense. This adjustment affects the change in net position.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Data**

The DMD follows these procedures in establishing the budgetary data for the General fund which are reflected in the financial statements:

- Budgeted amounts are as originally adopted or as amended by the Board of Directors.
- Individual amendments were not material in relation to the original appropriations.
- Community projects such as the Wayfinding Project were not budgeted. Capital expenditures were not budgeted.

**B. Encumbrances - The DMD did not utilize an encumbrance accounting system during the year. At year-end, the DMD reviews commitments to determine amounts encumbered.**

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Temporary Investments**

At September 30, 2014 the carrying amount of the DMD's deposits (cash) was \$335,516, and the bank balance was \$353,310. The DMD's cash deposits at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance.

The DMD's temporary investments as of September 30, 2014, are shown as follows:

	<u>Carrying Value</u>	<u>Market Value</u>
Certificate of deposit	\$ 101,460	\$ 101,460
Texpool	251,015	251,015
Totals	<u>\$ 352,475</u>	<u>\$ 352,475</u>

The Texas Local Government Investment Pool (Texpool) was created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The advisory board of Texpool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256.

TexPool is a local government investment pool in the State of Texas. The State Comptroller of Public Accounts oversees TexPool. There is also a TexPool Advisory Board, composed of participants which advises on TexPool's Investment policy and approves fee increases. Texas Class is a pooled investment program administered by Cutwater Asset Management. It is governed by a Texas Class participant Board. Although TexPool and Texas Class are not registered with the SEC as investment companies, they all operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement Number 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net position to compute share price. The fair value of the District's positions in the TexPool and Texas Class is the same as the value of TexPool and Texas Class shares. TexPool and Texas Class each issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by calling TexPool at 1-866-TEXPOOL and Texas Class at 1-800-707-6242 or online at [www.texasclass.com](http://www.texasclass.com).

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

The following is a summary of the capital assets activity as of September 30, 2014:

	Balance 09-30-13	Additions	Deletions	Balance 09-30-14
Governmental Activities:				
Vehicles and heavy equipment	\$ 191,062	\$ 29,898	\$ 7,890	\$ 213,070
Less: Accumulated depreciation	149,179	7,740	7,890	149,029
Governmental activities capital assets, net	\$ 41,883	\$ 22,158	\$ -	\$ 64,041

Sanitation was allocated \$6,787 of depreciation, bike rack program \$200 and administration was allocated \$753.

C. Property Tax

Levy and Collection - Property is appraised and a lien on such appraised property becomes enforceable as of January 1, subject to certain established procedures relating to rendition, appraisal, appraisal review and judicial review. Property taxes are levied on October 1 of each year and are due and payable at that time. Taxes becomes delinquent on February 1, of the following year and are then subject to interest and penalty charges.

On October 1, 2013, property taxes of approximately \$393,281 were levied for the general fund. These revenues were budgeted for and recorded in fiscal year 2014.

D. Commitments under Leases

Operating Leases

The DMD leases its office space. The office lease is for 36 months and expires December 2016 and calls for monthly payments of \$1,608 the first year, \$2,088 the second year and \$2,278 the third year. In 2014, the DMD entered into a lease for copy machine. The lease is for 39 months and expires in November 2017. The lease calls for monthly payments of \$236.

(Continued)

EL PASO DOWNTOWN MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

The following are the minimum future payments under the operating leases described above:

2015	\$	28,648
2016		11,944
2017		<u>2,596</u>
	\$	<u>43,188</u>

Rent expense for the year September 30, 2014 was \$26,297.

**E. Risk Management**

The DMD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions in insurance coverage from prior years and settlements did not exceed insurance coverage for each of the past three years.

**F. Litigation**

During the normal course of business, the DMD may be subject to various legal claims. As of September 30, 2014, administration is not aware of any claims which would have a material adverse effect on the DMD.

**G. Unearned Revenue**

Facade grant income received but not yet spent is considered to be deferred revenue until the money is spent.

**H. Related Party Transactions**

The DMD maintains a certificate of deposit at a financial institution which one board member is employed.

The DMD rents it's office space from an organization that employs one of the board members. Annual rent paid during the year was \$23,489.

The DMD paid \$6,320 to a company owned by a board member for a marketing plan.

The DMD paid \$3,267 to a company for parking that employs a board member.

(Continued)

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2014**

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**IV. DETAILED NOTES ON ALL FUNDS (Continued)**

The District paid \$51,548 for facade renovations to properties owned by business that employ three of the board members.

The Board of Directors is aware of the above mentioned transactions and believes all transactions with Board members are “arm’s length” transactions.

**I. Commitments**

The DMD has a five year contract with West Texas Community Supervision and Corrections Department for graffiti eradication and sanitation services. The DMD shall pay the sum of \$136,279 for one year salary and fringe, to include longevity and worker’s compensation for three employees. The DMD will be billed monthly at the end of each month for salaries, cell phones and vehicle fuel used in the prior month. The agreement ends on September 30, 2016. The agreement may be terminated by either party on September 30 of each calendar year to the end agreement date by providing notice of termination.

At September 30, 2014, the DMD board of directors had assigned \$150,000 of the fund balance to the facade program. Of that, approximately \$100,000 had been approved to reimburse specific downtown property owners for facade renovations. The renovations had not been completed at year end.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2014

	General Fund			Variance With Final Budget Positive or (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes (ad valorem)	\$ 342,759	\$ 342,759	\$ 392,258	\$ 49,499
Interest income	2,550	2,550	793	(1,757)
Charges for services	262,800	262,800	271,974	9,174
Grants	11,800	11,800	279,859	268,059
Miscellaneous revenue	-	-	330	330
<b>Total revenues</b>	<b>619,909</b>	<b>619,909</b>	<b>945,214</b>	<b>325,305</b>
<b>Expenditures:</b>				
Administrative Staff	309,418	309,418	293,282	16,136
Parking and transportation	7,200	7,200	5,682	1,518
Contracted services	53,834	53,834	48,949	4,885
Administration - Office	56,700	56,700	62,265	(5,565)
Capital expenditures	-	-	29,898	(29,898)
Community projects	50,000	50,000	186,174	(136,174)
Security	25,000	25,000	-	25,000
Sanitation	194,636	194,636	187,092	7,544
Promotion and advertising	64,500	64,500	41,372	23,128
<b>Total expenditures</b>	<b>761,288</b>	<b>761,288</b>	<b>854,714</b>	<b>(93,426)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (141,379)</b>	<b>\$ (141,379)</b>	<b>\$ 90,500</b>	<b>\$ 231,879</b>

The accompanying notes are an integral part of these financial statements.



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

To the Board of Directors  
El Paso Downtown Management District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the El Paso Downtown Management District as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the El Paso Downtown Management District's basic financial statements, and have issued our report thereon dated March 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Paso Downtown Management District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of El Paso Downtown Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of El Paso Downtown Management District's internal control.

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

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

**Compliance and Other Matters**

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

## Purpose of this Report

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

Gilson Ruddock Pattison LLC

El Paso, Texas  
March 10, 2015

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Schedule  
Reference  
Number**

**Program**

**Description**

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**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

**Type of Auditor's Report issued:** Unmodified

**Internal control over financial reporting:**

**Material weaknesses identified?** None reported

**Significant deficiencies identified that are not considered to be material weaknesses?** None reported

**Noncompliance material to the financial statements:** None reported

**EL PASO DOWNTOWN MANAGEMENT DISTRICT**

**SCHEDULE OF STATUS OF PRIOR FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>Schedule Reference Number</b>	<b>PRIOR YEAR FINDING/ NONCOMPLIANCE</b>	<b>STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE</b>
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**FINANCIAL STATEMENT FINDINGS**

There were no prior year findings reported.