

EL PASO DOWNTOWN MANAGEMENT DISTRICT

**FINANCIAL REPORT
(AUDITED)**

SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Paso Downtown Management District
El Paso, Texas

Opinion

We have audited the financial statements of the governmental activities of El Paso Downtown Management District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise El Paso Downtown Management District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities of El Paso Downtown Management District, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Paso Downtown Management District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the El Paso Downtown Management District, as of and for the year ended September 30, 2024, were audited by other auditors, whose report, dated December 23, 2024, expressed an unmodified opinion on those statements.

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 El Paso Downtown Management District's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinion. 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 GAAS and GAS 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 GAAS and GAS, 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 El Paso Downtown Management 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 El Paso Downtown Management 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2026, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in cursive script that reads "Santibach, Baschew, & Company".

El Paso, Texas
January 22, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

EL PASO DOWNTOWN MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the EL Paso Downtown Management District's (the DMD) financial performance provides an overview of the DMD's financial activities for the fiscal year ended September 30, 2025.

OPERATIONAL HIGHLIGHTS

During the fiscal year ending September 30, 2025, the Downtown Management District (DMD) continued to provide outstanding and effective services to support stakeholders while also preparing and planning for future investments and opportunities. As always, the organization focused on engagement, responsiveness and advocacy in support of local businesses and stakeholders, while encouraging investment, activation and the attraction of people to Downtown.

- According to data provided by Placer.ai, the Downtown Management District experienced 13.4 million visits (non-resident) in 2024. This number represented a slight decrease over the previous year. Within the first nine months of 2025, the area experienced 9.8 million visits.
- Continued implementation of the DMD's 2023-2027 strategic plan resulted in annual meetings with local elected officials, data collection and generation, enhanced stakeholder outreach, establishment of a residential development incentive program, the development of a full DMD events and activation calendar, and continued advocacy.
- Property valuation within the District for FY2024-2025 experienced the highest year over year growth in nearly two decades at 16% higher than FY2023-2024. However, total value dropped by almost 1% going into FY2025-2026. Property value for the District over the last 5 years has grown by 5% per year on average. Numerous other DMD generated revenue streams within the budget projected year over year growth, such as event revenues and banner rentals.
- The DMD Board approved a FY2024-2025 budget reflecting an aggressive effort built on recent successes, achieving the goals identified in the Strategic Plan, supporting and expanding grant opportunities for stakeholders, modernizing the Sanitation fleet and continuing to produce impactful events and marketing. The budget supported staff salaries which allowed the organization to retain talent and remain competitive and fair to DMD employees.
- DMD events continued to attract people to Downtown El Paso and into many area small businesses, restaurants and bars. The regularly sold-out Tasting Tour series continued its success, and the 4th Annual Restaurant Week highlighted Downtown restaurants and their offerings. Downtown Employee Appreciation Day returned for its fifth year with continued expansion to thank even more Downtown Employees with giveaways, entertainment and fun. The DMD partnered with numerous businesses and sponsors to make these events possible.
- The DMD continues to serve as a valuable communicator and advocate for Downtown property and business owners. Utilizing research tools and data sources, the DMD often serves as the point of contact, distributor of information, and organizer of outreach to inform, educate and advise stakeholders and the greater community on issues relevant to Downtown El Paso. Recent DMD positions supported renovation and utilization options for Downtown property owners, the identification and proposal of infrastructure projects to the TIRZ #5 Board, and common-sense historic preservation policies that support investment.

EL PASO DOWNTOWN MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

- External factors continued to suppress grant supported investment in Downtown buildings during the year. The DMD approved the least amount of grants in recent history, for the third lowest amount - \$57,872. However, to incentivize residential development, the DMD established and implemented the new Residential Conversion Utility Upgrade Grant Program. Plans to promote the programs and educate property owners are underway.
- The DMD continues to offer environmental assessment assistance to property owners with the support of a FY2022 assessment grant awarded to the DMD by the EPA. The DMD was able to assist with assessment work on the Popular Building and Rio Foods Building at 730 E. Overland.
- The Downtown Management District continues to utilize social media as a means to promote the Downtown and its stakeholders. Total reach on all platforms continues to grow. Through September 2025, the DMD had 40,285 followers on Facebook, 17,497 followers on X (formerly Twitter), 67,365 followers on Instagram, and 3,795 followers on Tik Tok. In addition, the DMD's electronic newsletter – Downtown INSIDER – reached 12,198 subscribers.
- The DMD once again harnessed the generosity of Downtown stakeholders and sponsors to help support DMD projects, programs and services. In total, the DMD generated nearly \$61,000 in support of various efforts.
- The DMD Board of Directors achieved a quorum at 7 of 9 meetings held during the program year. The board continues to take an active role in organizational oversight and advocacy. During the 2024-2025 year, the DMD welcomed 3 new Board Members – Kelly Tomblin, Beto Burton and Kathrin Berg.
- Ivan Bernal and Brenda Sanchez joined the DMD as its Marketing & Communications Manager and DMD Event Coordinator, respectively in February 2025.
- The DMD and City of El Paso agreed to terms on a 5-year Interlocal Agreement for service delivery within Downtown El Paso. The agreement is effective October 1, 2025 – September 30, 2030, and builds off of previous agreements that have supported the ongoing maintenance, activation, growth and redevelopment of Downtown El Paso.

FINANCIAL HIGHLIGHTS

The assets of the DMD exceeded its liabilities at the close of the most recent fiscal year by \$414,523. Of this amount, \$255,815 (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 \$103,987 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) governmentwide 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.

EL PASO DOWNTOWN MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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 yearend 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 \$414,523 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 DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**El Paso Downtown Management District
Statement of Net Position
Government wide**

Government Activities

	2025	2024
Current and other assets	\$ 691,228	\$ 612,624
Capital Assets	104,882	89,051
Total assets	<u>796,110</u>	<u>701,675</u>
Current liabilities	<u>381,587</u>	<u>308,803</u>
Long-term liabilities, net of current portion	<u>-</u>	<u>8,416</u>
Total liabilities	<u>381,587</u>	<u>317,219</u>
Net Position		
Net investment in capital assets	109,948	48,445
Restricted for facade program	90,534	80,196
Unrestricted	<u>214,041</u>	<u>255,815</u>
Total net position	<u>\$ 414,523</u>	<u>\$ 384,456</u>

GOVERNMENTAL ACTIVITIES

Program revenues for the DMD's governmental activities were \$550,747, and general revenues were \$564,987, while total expenses were \$1,011,747.

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.

**EL PASO DOWNTOWN MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**El Paso Downtown Management District
Statement of Activities
Government wide**

	2025	2024
Revenues:		
Program revenues		
Charges for services	\$ 349,191	\$ 348,277
Operating grants and contributions	173,191	202,470
Subtotal	522,382	550,747
General revenues		
Property taxes	565,315	528,685
Investment earnings	32,000	34,015
Miscellaneous	9,980	2,287
Subtotal	607,295	564,987
Total revenue	1,129,677	1,115,734
Expenses:		
Administrative staff	421,802	418,748
Administrative office	112,769	102,187
Sanitation	320,297	306,185
Promoting and advertising	15,789	12,671
Community projects	158,802	118,289
Professional services	66,587	45,728
Interest on long-term debt	3,564	7,939
Total expenditures	1,099,610	1,011,747
Increase in net position	30,067	103,987
Beginning net position	384,456	280,469
Ending net position	\$ 414,523	\$ 384,456

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 \$304,575, which is an decrease of \$20,655.

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.

EL PASO DOWNTOWN MANAGEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$214,041 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 increased by 4%.
Charges for services increased \$914 from the prior year.
Grant revenue decreased (\$48,412) from the prior year.
Administration staff expenses decreased (\$456) from the prior year.
Sanitation expenses increased \$6,983 from the prior year.
Administration office increased \$10,782 from the prior year.
Promotion and advertising increased \$3,118 from the prior year.
Professional fees increased \$2,788 from the prior year.
Community projects increased \$158,802 from the prior year.
Debt service decreased by (\$3,395) from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

At the end of the fiscal year, the DMD's actual revenues were \$20,604 below projected revenues. There is one category listed in the Budgetary Comparison Schedule that contains a significant variance as identified by the DMD. It is as follows:

Grants revenue was \$26,497 less than expected.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets - The DMD's investment in capital assets as of September 30, 2025 was \$104,882 (net of accumulated depreciation). Capital assets held by the DMD at the end of the current and prior years are summarized as follows:

	2025	2024
Furniture and equipment	\$ 100,768	\$ 57,042
Lease assets	4,114	32,009
Total capital assets, net of accumulated depreciation and amortization	\$ 104,882	\$ 89,051

Additional information on the DMD's capital assets can be found beginning page 23 of this report. Capital asset additions totaled \$60,356 as follows:

- acquisition of \$60,356 of equipment

During 2022, the DMD issued long-term debt in the form of lease agreements totaling \$121,744 for the purpose of leasing a copy machine, computer equipment and office space. The debt will be paid over four years.

**EL PASO DOWNTOWN MANAGEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As of September 30, 2025 and 2024, the DMD had \$5,653 and \$40,115 in outstanding long-term debt, respectively. Long-term debt held by the DMD at the end of the current and prior years is summarized as follows:

	2025	2024
Lease asset	\$ 5,653	\$ 40,115

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The tax rate will remain at \$0.12 per \$100 valuation and tax revenue is estimated to be \$564,234 for the fiscal year 2025-2026. The budget for the fiscal year 2025-2026 is forecast to end with a surplus of \$34,521.

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 Office & Program Coordinator, 201 E. Main, Suite 107, El Paso, TX, 79901-1336.

BASIC FINANCIAL STATEMENTS

EL PASO DOWNTOWN MANAGEMENT DISTRICT

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Primary Government
	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 84,643
Investments	554,203
Property tax receivable	51,443
Other receivables	939
	<hr/>
Total current assets	691,228
	<hr/>
Capital assets	
Furniture and equipment, net	100,768
Lease right-of-use asset, net	4,114
	<hr/>
Total capital assets	104,882
	<hr/>
Total assets	\$ 796,110
	<hr/> <hr/>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accrued expenses	\$ 28,746
Grants payable - facade program	114,900
Unearned revenue - facade program	232,288
Current obligations under lease liability	5,653
	<hr/>
Total current liabilities	381,587
	<hr/>
Total liabilities	381,587
	<hr/>
Net Positon	
Net investment in capital assets	109,948
Restricted for facade program	90,534
Unrestricted net position	214,041
	<hr/>
Total liabilities and net assets	\$ 796,110
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See accompanying notes to the financial statements

EL PASO DOWNTOWN MANAGEMENT DISTRICT

**STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025**

			Program Revenues	Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities
Primary Government				
Government Activities:				
Administrative staff	\$ 421,802	\$ -	\$ -	(421,802)
Administrative office	112,769	-	-	(112,769)
Sanitation	320,297	315,187	-	(5,110)
Promoting and advertising	15,789	-	-	(15,789)
Community projects	158,802	34,004	173,191	48,393
Professional services	66,587	-	-	(66,587)
Interest on long-term debt	3,564	-	-	(3,564)
Total governmental activities	1,099,610	349,191	173,191	(577,228)
Total primary government	1,099,610	349,191	173,191	(577,228)
General revenues:				
Property taxes, levied for general purposes				565,315
Investment earnings				32,000
Miscellaneous				9,980
Total general revenues				607,295
Change in net position				30,067
Net position, beginning of year				384,456
Net position, end of year				\$ 414,523

See accompanying notes to the financial statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

EL PASO DOWNTOWN MANAGEMENT DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2025

	General Fund	Facade Program	EPA Grant Fund	Total Government Funds
ASSETS				
Cash and cash equivalents	\$ 84,643	\$ -	\$ -	\$ 84,643
TexPool Investments	116,481	437,722	-	554,203
Property tax receivable	51,443	-	-	51,443
Other receivables	939	-	-	939
Total assets	\$ 253,506	\$ 437,722	\$ -	\$ 691,228
LIABILITIES				
Accrued expenses	\$ 28,684	\$ -	\$ -	\$ 28,684
Grants Payable - facade program	-	114,900	-	114,900
Unearned revenue - facade program	-	232,288	-	232,288
Total liabilities	28,684	347,188	-	375,872
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	10,781	-	-	10,781
Total deferred inflows of resources	10,781	-	-	10,781
FUND BALANCES				
Assigned to facade program	-	90,534	-	90,534
Unassigned	214,041	-	-	214,041
Total fund balances	214,041	90,534	-	304,575
Total liabilities, deferred inflows, and fund balances	\$ 253,506	\$ 437,722	\$ -	\$ 691,228

See accompanying notes to the financial statements

EL PASO DOWNTOWN MANAGEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

Total Fund Balances - Governmental Fund	\$	304,575
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the balances for capital assets (net of depreciation) activities is to increase net position		100,768
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The net effect of including the balances for right of use lease assets at historical cost (net of amortization)		4,114
Recognition of unavaliabe tax revenue as revenue		10,781
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year and accrued interest.)		<u>(5,715)</u>
Net Position of Governmental Activities	\$	<u><u>414,523</u></u>

See accompanying notes to the financial statements

EL PASO DOWNTOWN MANAGEMENT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Facade Program	EPA Grant Fund	Total Government Funds
Revenues:				
Taxes (ad valorem)	\$ 565,315	\$ -	\$ -	\$ 565,315
Charges for services	349,191	-	-	349,191
Grants	85,653	20,800	66,738	173,191
Miscellaneous income	57	-	-	57
Interest income	13,837	18,163	-	32,000
Total revenues	1,014,053	38,963	66,738	1,119,754
Expenditures:				
Sanitation	361,096	-	-	361,096
Administrative staff	413,626	-	8,176	421,802
Promotion and advertising	15,789	-	-	15,789
Administrative office	81,208	-	3,666	84,874
Community projects	138,002	20,800	-	158,802
Professional fees	11,691	-	54,896	66,587
Debt Service:				
Principal	27,895	-	-	27,895
Interest and other Charges	3,564	-	-	3,564
Total expenditures	1,052,871	20,800	66,738	1,140,409
Other financing sources (uses)				
Transfers in	7,825	-	-	7,825
Transfers out		(7,825)	-	(7,825)
Total other financing sources	7,825	(7,825)	-	-
Net change in fund balances	(30,993)	10,338	-	(20,655)
Fund balances, October 1, 2024	245,034	80,196	-	325,230
Fund balances, September 30, 2025	\$ 214,041	\$ 90,534	\$ -	\$ 304,575

See accompanying notes to the 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, 2025**

Total Net Change in Fund Balance - Governmental Fund	\$	(20,655)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of certain capital outlays is allocated over the estimated useful lives of the assets acquired and reported as depreciation expense. As a result, fund balance decreased by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charged for the year:</p>		
Capital Outlay	60,356	
Depreciation	(16,630)	43,725
Amortization expense for intangible assets	(27,895)	(27,895)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	34,462	
Decrease in accrued interest payable	430	34,892
Change in Net Position of Governmental Activities	\$	30,067

See accompanying notes to the financial statements

EL PASO DOWNTOWN MANAGEMENT DISTRICT NOTES TO THE FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies

The basic financial statements of the El Paso Downtown Management District, (the "DMD") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the government's accounting policies are described below.

Reporting Entity - The DMD was created pursuant to the Tex. Loc. Gov't Code Ann. 375.022 with a primary focus to make Downtown El Paso the center of commercial, civic and cultural activity. By mobilizing resources and affecting positive growth and change within the district, the DMD is committed to the revitalization of a vibrant Downtown El Paso.

The DMD was created in March of 1997 and funded by assessment revenue from property within the district and through collaboration on specific projects and programs with the City of El Paso and various other partners.

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, grants, and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the DMD operates have shared in the payment of direct costs. The "grants and contributions" column includes amounts paid by organizations not affiliated with 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 result of operations for the governmental fund category.

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).

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).

**EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

Note 1. Description of Organization and Significant Accounting Policies (Continued)

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.

Net Position on the Statement of Net Position

Net Investment in Capital Assets Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction 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.

Restricted for facade - Represents amounts restricted specifically for use in the facade program which encourages downtown property owners to update the facade on their buildings.

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.

Fund Accounting - The DMD 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.

The EPA Grant Fund This special revenue fund accounts for the proceeds of a federal grant relating to the EPA Brownfields Assessment, Cleanup and Revolving Loan Fund.

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

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies (Continued)

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.

Assigned fund balance - Represents amounts the DMD 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 DMD 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.

Stewardship, Compliance and Accountability - 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.

Capital expenditures were not budgeted.

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 DMD's agent bank in an amount sufficient to protect DMD 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.

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies (Continued)

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.

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 DMD 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 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 DMD 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 DMD requires counterparties to register the securities in the name of the district and hand them over to the DMD or its designated agent.

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.

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies (Continued)

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 DMD limits investments in public funds investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2025, the DMD's investments in TexPool were rated AAAm by Standard & Poors.

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.

Right to Use Assets: The DMD has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Inflows of Resources: Deferred Revenues Within the government-wide financial statements, deferred revenues represent unearned revenues advanced to the DMD. Such advances are reported as deferred revenue until the earnings process is complete. Deferred revenues may include grants received reflected as a receivable but not recognized as revenues since all criteria have not been met. Within the governmental funds, revenues must be available in order to be recognized.

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.

Interfund Balances: The interfund balances are a result of normal operations and are cleared out periodically. Management intends to payout these balances within one year.

Compensated Absences: Accrued vacation includes the DMD's liability for the cost of unused employee compensated absences payable in the event of employee terminations up to a maximum of 40 hours. Employees may accrue up to a maximum of two times the annual vacation benefit. Vacation is accrued as follows:

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies (Continued)

- Up to 5 years: 10 working days per year
- 5 through 15 years: 12 working days per year
- 15 years or more 15 working days per year

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through January 22, 2026, the date the financial statements were available to be issued.

Note 2. Cash and Investments

The DMD maintains cash in one financial institution. At September 30, 2025 the carrying amount of the DMD's deposits (cash) was \$84,643, and the bank balance was \$29,705.

Custodial Credit Risk Custodial credit risk is the risk that, in the event of a bank failure The DMD deposits may not be returned to it. The DMD investment policy for custodial credit risk requires financial institutions that hold deposits in excess of the federal depository insurance (FDIC) insured amount will be required to sign a depository agreement with the DMD's safekeeping agent. As of September 30, 2025, the DMD's deposits were insured by the FDIC or collateralized by securities held in trust by a third-party bank for the depository bank in the DMD's name and thus was not exposed to custodial credit risk.

Investments - The DMD's temporary investments as of September 30, 2025 were as follows:

	Carrying Value	Market Value
TexPool	\$ 554,203	\$ 554,203

The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position and to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	2024	Additions	Disposals	2025
Capital assets, being depreciated:				
Furniture and equipment	\$ 242,413	\$ 60,356	\$ 33,070	\$ 269,699
Lease assets	116,399	-	11,464	104,935
	358,812	60,356	44,534	374,634
Less accumulated depreciation and amortization for:				
Furniture and equipment	185,371	16,630	33,070	168,931
Lease assets	84,390	27,895	11,464	100,821
Total accumulated depreciation and amortization	269,761	44,525	44,534	269,752
Total	\$ 89,051	\$ 15,831	\$ -	\$ 104,882

Depreciation and amortization expense for the year ended September 30, 2025 was charged to functions (programs) as follows:

Sanitation	\$ 16,306
Administrative office	28,219
	<u>\$ 44,525</u>

Note 4. Right to Use Leased Assets

The DMD has recorded three right to use leased assets. The assets are right to use assets for leased equipment and building rent. The related leases are discussed in the Leases subsection of the Long-Term Lease Liability section of this note. The right to use lease assets are amortized on a straight-line basis over the term of the related leases. Lease expense for the year ended September 30, 2025 was as follows:

Amortization expense by class of underlying asset:	
Computer	\$ 1,147
Building	<u>26,748</u>
Total amortization Expense	27,895
Interest on lease liabilities	<u>3,564</u>
Total lease expense	<u>\$ 31,459</u>

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 4. Right to Use Leased Assets (continued)

Right to use asset lease activity for the year ended September 30, 2025 was as follows:

	2024	Increases	Decreases	2025	Amounts due within one year
Lease Assets					
Computer	\$ 11,464	\$ -	\$ (11,464)	\$ -	
Building	104,935	-	-	104,935	
Total lease assets	116,399	-	(11,464)	104,935	
Less accumulated amortization for:					
Computer	(10,317)	(1,147)	11,464	-	
Building	(74,073)	(26,748)	-	(100,821)	
Total accumulated amortization	(84,390)	(27,895)	11,464	(100,821)	
Total lease assets, net	\$ 32,009	\$ (27,895)	\$ -	\$ 4,114	
Total lease liabilities	\$ 40,115	\$ -	\$ (34,462)	\$ 5,653	\$ 5,653

Note 5. Long-term Liabilities

In January 2013, the DMD entered into a lease for office space which expired. The DMD renewed the office lease in December 2020 and extended its terms to five years. The lease calls for monthly payments of \$2,658 the first year, \$2,711 the second year, \$2,766 the third year, \$2,821 the fourth year, and \$2,876 the fifth year. The lease expired on December 31, 2025. In October 2025 a fourth amendment was made to the lease with similar terms for an additional 5 years which expires December 31, 2030. As a result of the lease, the DMD recorded a Right to Use Asset with a net book value of \$104,935 at September 30, 2022.

In February 2021, the DMD entered into a 60 month lease for computer equipment. The lease term calls for monthly payments of \$308 and expired in January 2025 and was not renewed. As a result of the lease, the DMD recorded a Right to Use Asset with a net book value of \$11,464 at September 30, 2022. At the expiration of the lease term, the right of use asset and accumulated amortization were disposed.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments:

	Principal	Interest	Total Payments
2026	\$ 5,653	\$ 68	\$ 5,721

EL PASO DOWNTOWN MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Note 5. Long-term Liabilities (continued)

The following is a summary of changes in long-term liability activity for the year ended September 30, 2025:

	2024	Increases	Decreases	2025	Current Portion of Balance
Lease liabilities	\$ 40,115	\$ -	\$ (34,462)	\$ 5,653	\$ 5,653

Note 6. 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, 2024, property taxes of approximately \$577,588 were levied for the general fund. These revenues were budgeted for and recorded in fiscal year 2025.

Note 7. Commitments and Contingencies

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, workers compensation; and natural disasters. The Board maintains insurance policies acquired from independent insurance carries 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.

Litigation - During the normal course of business, the DMD may be subject to various legal claims. As of September 30, 2025, administration is not aware of any claims which would have a material adverse effect on the DMD.

Note 8. Related Party Transactions

The DMD maintains one bank account at a financial institution which one board member is employed.

The DMD rents its office space from an organization that employs one of the board members. Annual rent paid during the year ended September 30, 2025 was \$38,686.

The DMD entered into an agreements with eight board members and their employers for street pole banner rentals and various general and event sponsorships. Total amount received for these services during the year ended September 30, 2025 was \$39,077.

The Board of Directors is aware of the above-mentioned transactions and believes all transactions with Board members are "arm's length" transactions.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO DOWNTOWN MANAGEMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR THEN ENDED SEPTEMBER 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive of (Negative)
Revenues:				
Taxes (ad Valorem)	\$ 568,925	\$ 568,925	\$ 565,315	\$ (3,610)
Interest income	16,068	16,068	13,837	(2,231)
Charges for services	347,437	347,437	349,191	1,754
Miscellaneous income	-	-	57	57
Grants	153,750	153,750	85,653	(68,097)
Total Revenues	1,086,180	1,086,180	1,014,053	(72,127)
Expenditures:				
Administrative staff	454,382	454,382	413,626	40,756
Parking and transportation	4,500	4,500	3,730	770
Contracted services	13,600	13,600	11,691	1,909
Administrative - office	92,151	92,151	65,787	26,364
Community projects	155,872	155,872	138,002	17,870
Security	8,000	8,000	9,930	(1,930)
Sanitation	305,485	305,485	361,096	(55,611)
Promoting and advertising	23,800	23,800	15,789	8,011
Total expenditures	1,057,790	1,057,790	1,019,651	38,139
Net change in fund balance	\$ 28,390	\$ 28,390	\$ (5,598)	\$ (110,266)

**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 (*Government Auditing Standards*), the financial statements of the governmental activities information of El Paso Downtown Management District as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise El Paso Downtown Management District's basic financial statements, and have issued our report thereon dated January 22, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 [Entity Name]'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Paso Downtown Management District's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lantierbach, Basehau, / Company".

El Paso, Texas
January 22, 2026