

November 3, 2025

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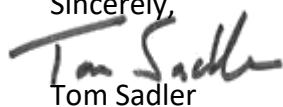
RE: 2025 Performance Audit of the Arizona Sports and Tourism Authority

Dear Lisa Parke:

On behalf of the Board of Directors and staff of the Arizona Sports and Tourism Authority (the "Authority"), we appreciate the opportunity to respond to the 2025 Performance Audit of the Authority. We commend the professionalism, diligence and hard work of Walker & Armstrong's staff, and it was a pleasure to work with them.

We are pleased with the overall conclusions of the Performance Audit and note that all recommendations have been agreed to and will be implemented. Thank you again for the opportunity to respond to this Performance Audit report. The Authority's response to each of the recommendations is attached.

Sincerely,



Tom Sadler

President/CEO

cc: Dr. Anikar Chhabra, Chairman, Arizona Sports and Tourism Authority
Board of Directors, Arizona Sports and Tourism Authority

Finding 1: Authority did not ensure Stadium concessions or event fees it received were accurate, potentially resulting in the Authority not receiving revenues it was entitled to.

Authority response: The finding is agreed to.

Response explanation: The finding is agreed to and the audit recommendations will be implemented.

Recommendation 1: Require the facility manager to verify concession revenues received in fiscal years 2021 through 2025 were accurate and complete.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will determine best practices for requiring the facility manager to verify concession revenues received in fiscal years 2021 through 2025, ensuring accuracy and completeness.

Recommendation 2: Develop and implement policies and procedures to oversee the facility manager to ensure that amounts remitted from concession sales are consistent with its contractual arrangement.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will develop and implement policies and procedures that will ensure the facility manager is reviewing the amounts remitted from concession sales in alignment with the contractual agreement.

Recommendation 3: Follow its policy to review event settlements monthly.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will continue to follow its policy to review event settlements monthly and review internal procedures for potential improvements.

Recommendation 4: Conduct fiscal year 2025 event settlement reviews.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority is in the process of conducting the fiscal year 2025 event settlement reviews and anticipates completion by the end of the calendar year.

Recommendation 5: Hire additional personnel in accordance with the Authority's budget to support the CFO in fiscal responsibilities and help ensure settlement reviews are completed in a timely manner.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will begin the process of hiring a part-time accounting clerk to support the CFO in fiscal responsibilities such as ensuring settlement reviews are

completed on time. Funding for additional staff was approved by the Board of Directors in June 2025 for the FY2026 budget.

Finding 2: Authority did not comply with some State conflict-of-interest requirements or fully align its processes with recommended practices, increasing the risk that employees and Board members did not disclose substantial interests that might influence or could affect their official conduct.

Authority response: The finding is agreed to.

Response explanation: The finding is agreed to and the audit recommendations will be implemented.

Recommendation 6: Revise its policy to include all statutory requirements and recommended practices, including but not limited to prohibitions of direct or indirect financial interests; procedures for reviewing and remediating conflicts; requiring the minutes to reflect the reason for Board members abstaining from voting; specifying roles and timelines for distributing, collecting, and reviewing conflict-of-interest disclosure forms; outlining how conflicts will be addressed; maintaining a special file; and providing periodic training.

Authority response: The audit recommendation will be implemented.

Response explanation: The policy revision, as recommended, will be an agenda action item for Board consideration and approval at the next Board of Directors meeting. Once approved, the policy will be implemented.

Recommendation 7: Follow its policy to maintain a special file to memorialize disclosures of substantial interest, as statutorily required.

Authority response: The audit recommendation will be implemented.

Response explanation: As recommended, the required special file has been created by the Authority to memorialize disclosures of substantial interest.

Recommendation 8: Revise its conflict-of-interest disclosure form to comply with statute and recommended practices, such as requiring an “affirmative no” or indication of potential conflict, affirmation that no prohibited interests exist, and a completion date.

Authority response: The audit recommendation will be implemented.

Response explanation: An updated form will be created to include an “affirmative no” for each potential conflict question. The new form includes a secure digital signature stamp that will capture the date of completion.

Recommendation 9: After revising its conflict-of-interest disclosure form, obtain updated disclosure forms from Board members and staff.

Authority response: The audit recommendation will be implemented.

Response explanation: The updated Disclosure form will be distributed to the Board members and staff for completion.

Recommendation 10: Continue to provide annual training on its conflict-of-interest requirements, process, and disclosure form, including providing training to all Board members and staff on how the State's conflict-of-interest requirements relate to their unique functions or responsibilities.

Authority response: The audit recommendation will be implemented.

Response explanation: Annual training will be provided at the final fiscal year Board of Directors meeting to review the conflict-of-interest requirements, process, and reporting procedures. Following the meeting, the Disclosure form will be distributed to all Board members and staff for completion.

Question 7: What is the Authority's plan for using monies that exceed its required cash reserve amounts?

The Authority does not have a plan for using monies that exceed its required cash reserve amounts.

Authority response: The finding is agreed to.

Response explanation: The Authority will work to implement the recommendations.

Recommendation 11: Complete a facility assessment to determine projected future costs for Stadium repair and replacement.

Authority response: The audit recommendation will be implemented.

Response explanation: The stadium manager is in the process of obtaining a facility assessment. The assessment is conducted by an independent, third-party contractor.

Recommendation 12: Based on the results of the facility assessment, develop a comprehensive facility renovation plan that identifies future projects and needs, provides reliable cost estimates, establishes timelines for completion, and includes a process for routine review and update of the plan.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will work with its stadium manager to develop a comprehensive renovation plan, which will include anticipated future projects and needs. Routine review and updates will be provided to the Authority via the monthly operations meetings and operations reports, and future facilities assessments will be obtained as needed.

Recommendation 13: Develop and implement policies and procedures to routinely evaluate operating cash, reserve needs, and historical and projected revenues and expenses, including but not limited to Stadium repair, replacement, and removal. The policies and procedures should outline how the Authority will plan and budget for using operating monies that exceed amounts needed to pay its budgeted operating expenses and maintain its statutorily required cash reserves, including when it will use monies in its operating account to pay Stadium bond

obligations to increase its tourism revenue distributions to meet statutorily required distribution to lower priorities.

Authority response: The audit recommendation will be implemented.

Response explanation: The Authority will develop policies and procedures to routinely evaluate operating cash, reserve needs, and historical and projected revenues and expenses, including but not limited to Stadium repair, replacement, and removal. While the the needs identified in the facilities assessment are anticipated to exceed cash reserves, the policies and procedures will outline how the Authority will plan and budget for using operating monies that exceed amounts needed to pay its budgeted operating expenses and maintain its statutorily required cash reserves, including when it will use monies in its operating account to pay Stadium bond obligations to increase its tourism revenue distributions to meet statutorily required distribution to lower priorities.