

Arizona Sports and Tourism Authority (Authority) Performance Audit

Authority distributed revenues consistent with statutory requirements and its revenues have increased since the COVID-19 pandemic, but did not consistently oversee facility manager or comply with all State conflict-of-interest laws, and lacks a plan for using cash reserves exceeding required amounts

Audit purpose

To determine if the Authority distributed revenues pursuant to statutory requirements; assess its Stadium manager oversight and conflict-of-interest practices; and provide information on its recovery from the COVID-19 pandemic.

Key findings

- Authority is responsible for maintaining, operating, and marketing State Farm Stadium (Stadium), contracting with a facility manager to manage Stadium operations, and receiving tourism and Stadium-related revenues and distributing them according to statutory requirements.
- Authority distributed tourism and Stadium-related revenues consistent with statutory requirements in fiscal years 2021 through 2025.
- Authority's contracted facility manager did not verify Stadium concessions revenue was accurate as required by the facility management contract and Authority did not review monthly event settlements as required by its policy, potentially resulting in the Authority not receiving revenues it was entitled to.
- Authority did not comply with some State conflict-of-interest laws, such as not prohibiting Board members and staff from having certain financial interests or disclosing all Board member interests in official records, increasing the risk of conflicts that could influence the Authority's official conduct.
- Authority had significant post-pandemic revenue growth and exceeded statutorily required fiscal year 2025 cash reserves by approximately \$17.5 million, but continued to receive insufficient tourism revenues to distribute all amounts set forth in statute and lacks a plan for using excess cash reserves.

Key recommendations to the Authority

- Verify concession revenues received for fiscal years 2021 through 2025 were accurate and follow its facility management oversight procedures to ensure it receives accurate event revenues.
- Revise its conflict-of-interest policy to include all statutory requirements.
- Development and implement a plan and policies for using its cash reserves.