



## ARIZONA AUDITOR GENERAL

**Lindsey A. Perry**, Auditor General

**Melanie M. Chesney**, Deputy Auditor General

November 26, 2025

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

President/CEO Sadler  
Arizona Sports and Tourism Authority

Transmitted herewith is the report *A Performance Audit of the Arizona Sports and Tourism Authority*. This audit was conducted by the independent CPA firm Walker & Armstrong, LLP under contract with the Arizona Auditor General. This report is in response to Arizona Revised Statutes (A.R.S.) §5-812 and was conducted under the authority vested in the Auditor General by A.R.S. §41-1279.03. I am also transmitting within this report a copy of the Report Highlights to provide a quick summary for your convenience.

As outlined in its response, the Arizona Sports and Tourism Authority agrees with all the findings and plans to implement all the recommendations. My Office has contracted with Walker and Armstrong, LLP to follow up with the Arizona Sports and Tourism Authority in 6 months to assess its progress in implementing the recommendations. I express my appreciation to the Arizona Sports and Tourism Authority Board of Directors, President/CEO Sadler, and Arizona Sports and Tourism staff for their cooperation and assistance throughout the audit.

Sincerely,

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

cc: Arizona Sports and Tourism Authority Board of Directors members

# Arizona Sports and Tourism Authority

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

## Performance Audit

November 2025

Report 25-117



State Farm Stadium, Glendale, Arizona  
Source: Arizona Sports and Tourism Authority.



November 25, 2025

Lindsey A. Perry, CPA, CFE  
Arizona Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Dear Ms. Perry:

We are pleased to submit our report in connection with our performance audit of the Arizona Sports and Tourism Authority. The performance audit was conducted in accordance with Arizona Revised Statutes §5-812.

As outlined in its response, the Authority agrees with all the findings and plans to implement the recommendations. We will follow up with the Arizona Sports and Tourism Authority in six months to assess its progress in implementing the recommendations.

We appreciate the opportunity to provide these services and work with your Office. Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Walker &amp; Armstrong, LLP".

Walker & Armstrong, LLP  
Phoenix, Arizona

## 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 that 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 that 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.

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# INTRODUCTION

On behalf of the Arizona Auditor General, Walker & Armstrong has completed a performance audit of the Arizona Sports and Tourism Authority (Authority) pursuant to Arizona Revised Statutes (A.R.S.) §5-812, which requires the Auditor General to conduct a performance audit of the Authority every 5 years. This performance audit focuses on the Authority's (1) distribution of revenues for fiscal years 2021 through 2025, (2) oversight of its facility management contractor, and (3) compliance with State conflict-of-interest requirements and recommended practices. We also provide additional information about the impact of and subsequent recovery from the COVID-19 pandemic on the Authority's fiscal years 2021 through 2025 revenues and distributions, including the impact on its State Farm Stadium (Stadium) bond obligation payments, operating monies, and cash reserves, in a question-and-answer format. This report has 13 recommendations for the Authority in Findings 1 and 2 (see pages 12 through 20) and the Questions and Answers section (see pages 21 through 28).

## Authority was established in 2000 and is responsible for overseeing the Stadium, promoting the Cactus League, and supporting youth and amateur sports

The Authority was established by the Legislature in 2000, subject to Maricopa County voter approval. Voters passed Proposition 302 approving the establishment of the Authority in the November 2000 election.<sup>1</sup> A.R.S. §5-802 establishes the Authority as a separate legal body with all the rights, powers, and immunities of a municipal corporation.



**State Farm Stadium, Glendale**  
Source: Arizona Sports and Tourism Authority.

<sup>1</sup> In addition, Proposition 302 also established a new surcharge on car rentals and a new local tax on hotels in Maricopa County and outlined funding priorities for these new tax revenues, which are used to fund the Authority's responsibilities, such as payment of Stadium bond obligations (see pages 5 through 8, for more information on the Authority's revenue sources and distributions).

Key events in the Authority’s history are outlined in Table 1, including the groundbreaking of the Stadium, a multipurpose event facility in Glendale owned and operated by the Authority.

**Table 1: Timeline of key events in Authority’s history  
November 2000 through October 2025**

| Date |           | Event                                                                           |
|------|-----------|---------------------------------------------------------------------------------|
| 2000 | November  | Proposition 302 approved by voters                                              |
| 2001 | July      | First Board meeting                                                             |
| 2003 | April     | Stadium groundbreaking                                                          |
| 2006 | August    | First football game                                                             |
| 2007 | January   | Bowl Championship Series National Championship                                  |
| 2008 | February  | Superbowl XLII                                                                  |
| 2015 | February  | Superbowl XLIX                                                                  |
| 2016 | January   | College Football Playoff National Championship                                  |
|      | July      | Current facility management arrangement began                                   |
| 2017 | April     | Cactus League single-season attendance record (1,941,347)                       |
|      | April     | NCAA Final Four                                                                 |
| 2019 | March     | Largest concert crowd in stadium history (77,653)                               |
| 2023 | February  | Superbowl LVII                                                                  |
| 2024 | May       | NCAA Final Four                                                                 |
| 2025 | July      | Largest single-cycle record for youth and amateur sports grants (\$6.3 million) |
|      | September | First public memorial service <sup>1</sup>                                      |

<sup>1</sup> A public memorial service for Charlie Kirk was held as a privately contracted event, fully funded by a non-governmental entity. The Authority provided no concessions, subsidies, or financial support for the event, and charges included facility use and event-related costs.

Source: Walker & Armstrong staff review of Authority-provided information.

The Authority receives and distributes revenues from various sources according to statutorily required funding priorities and amounts (see pages 5 through 8, for more information) and has the following statutorily required responsibilities, which are limited to Maricopa County:



- **Stadium operations**—Maintaining, operating, improving, and promoting use of the Stadium, which is the home of the Arizona Cardinals (Cardinals) National Football League (NFL) team and the annual Fiesta Bowl, as well as hosting other events such as concerts and consumer shows. As shown in Table 2, in fiscal year 2024 the Stadium hosted 112 events with an annual attendance of 1,532,364 and in fiscal year 2025 it hosted 102 events with an annual attendance of 1,269,924. The Authority contracts with a facility management company to operate, maintain, improve, promote, and host events at the Stadium (see Finding 1, pages 12 through 15, for information and recommendations related to the Authority’s oversight and monitoring of its facility management contractor).

**Table 2: Number of Stadium events and attendance**  
**Fiscal years 2024 and 2025**

| Event type <sup>1</sup>        | 2024             |                  | 2025             |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | Number of events | Total attendance | Number of events | Total attendance |
| <b>Football</b>                |                  |                  |                  |                  |
| Cardinals games and events     | 47               | 577,461          | 45               | 611,420          |
| Fiesta Bowl                    | 1                | 28,969           | 1                | 52,707           |
| <b>Total football</b>          | <b>48</b>        | <b>606,430</b>   | <b>46</b>        | <b>664,127</b>   |
| <b>Non-football</b>            |                  |                  |                  |                  |
| Banquets                       | 7                | 1,208            | 17               | 6,610            |
| Concerts                       | 6                | 299,973          | 3                | 164,157          |
| Consumer shows                 | 11               | 73,591           | 13               | 64,416           |
| Graduations                    | 30               | 163,340          | 14               | 77,567           |
| Other events                   | 4                | 26,560           | 3                | 83,621           |
| Other sporting events          | 3                | 251,543          | 3                | 94,236           |
| Motorsports (entertainment)    | 3                | 102,569          | 3                | 108,625          |
| Stadium tours (public/private) | NA               | 7,150            | NA               | 6,565            |
| <b>Total non-football</b>      | <b>64</b>        | <b>925,934</b>   | <b>56</b>        | <b>605,797</b>   |
| <b>Total</b>                   | <b>112</b>       | <b>1,532,364</b> | <b>102</b>       | <b>1,269,924</b> |

<sup>1</sup> The Authority does not receive revenue from football events but, under its contractual agreements, is obligated to pay the associated event expenses. Revenue is generated from non-football events held at the Stadium.

Source: Walker & Armstrong staff review of Authority-provided information.

■ **Cactus League promotions**—Attracting and retaining Major League Baseball (MLB) Cactus League spring training operations. This involves providing financial support to cities for the construction and renovation of Cactus League facilities, such as the Goodyear Ballpark (see image to the right).<sup>2</sup> According to its website, the Cactus League generated approximately \$710 million in economic impact for Arizona during its 2023 season, including the creation of close to 6,000 jobs.<sup>3</sup>

■ **Youth and amateur sports**—Reviewing, approving, and funding grants for youth and amateur sports facilities and programs.<sup>4</sup> The Authority awards 2 types of grants to organizations that promote youth and amateur sports and recreation in Maricopa County: biennial awards and quick grants.<sup>5</sup> To be eligible for a grant, applicants must be a Maricopa County agency, municipality, school district, any other incorporated public entity, or a 501(c)(3) or 501(c)(4) nonprofit organization with at least 1 year of operational history. Biennial awards of up to \$250,000 are awarded on a 2-year cycle for renovations or construction of sports facilities and fields, sports field lighting, and/or the purchase of sports equipment. Quick grants of up to \$5,000 are awarded annually for sports equipment (see textbox on page 5 for examples). Both grant types require recipients to provide matching funds and are funded on a reimbursement basis. In accordance with A.R.S. §5-809(D), priority is given to youth recreational facilities that are adjacent to, in proximity of, or a benefit to public schools. For example, a biennial award was provided by the Authority to the city of El Mirage in 2023 for improvements to its splash plaza which benefits the community (see image to the right).



**Goodyear Ballpark**

Source: Arizona Sports and Tourism Authority.



**El Mirage Splash Plaza**

Source: Arizona Sports and Tourism Authority.

<sup>2</sup> According to the Authority, as of June 30, 2025, the Authority has outstanding commitments of approximately \$63.2 million to 2 cities that host Cactus League spring training teams; however, it has only recognized a liability of approximately \$50.4 million because, in accordance with accounting standards, it only recognizes a liability when eligibility requirements have been met.

<sup>3</sup> Source: <https://cactusleague.com/about.php>

<sup>4</sup> Statute does not require the Authority to establish a grant program. However, its grant programs have been established under its statutory authority in A.R.S. §5-809 to use monies for community youth and amateur sports facilities, recreational facilities, and other community facilities or programs.

<sup>5</sup> Prior to February 2021, the Authority offered 3 grant programs: biennial, program, and quick grants. In February 2021, the program and quick grants were consolidated into a single program, resulting in the Authority having only biennial and quick grant programs. According to the Authority, it may provide program grant support through the quick grant for tangible requests up to \$5,000, such as educational materials for coaching training.

## Youth and amateur sports grants

**Biennial awards**—In fiscal years 2021 through 2025, the Authority awarded 88 biennial grants totaling \$14,066,128. Funded projects included a sand volleyball complex, hospital simulation ambulance for a children’s hospital, and field/facility renovations.

**Quick grants**—In fiscal years 2021 through 2025, the Authority awarded 194 quick grants totaling \$853,302. Funded projects included sporting equipment, uniforms, bleachers, and playground equipment.

Source: Walker & Armstrong staff review of Authority-provided grant information.

## Authority is funded by tourism and Stadium-related revenues

The Authority receives funding from several tourism and facility-related (hereafter referred to as “Stadium-related”) revenues (see textbox for revenue sources). Figure 1 shows tourism and Stadium-related revenue sources and the revenue associated with each that the Authority has received since its inception in 2000. In addition, as shown in Table 4 (see pages 10 through 11) the Authority also receives revenues from other sources, such as the Maricopa County Stadium District car rental surcharge.<sup>6</sup>

### Authority Revenues

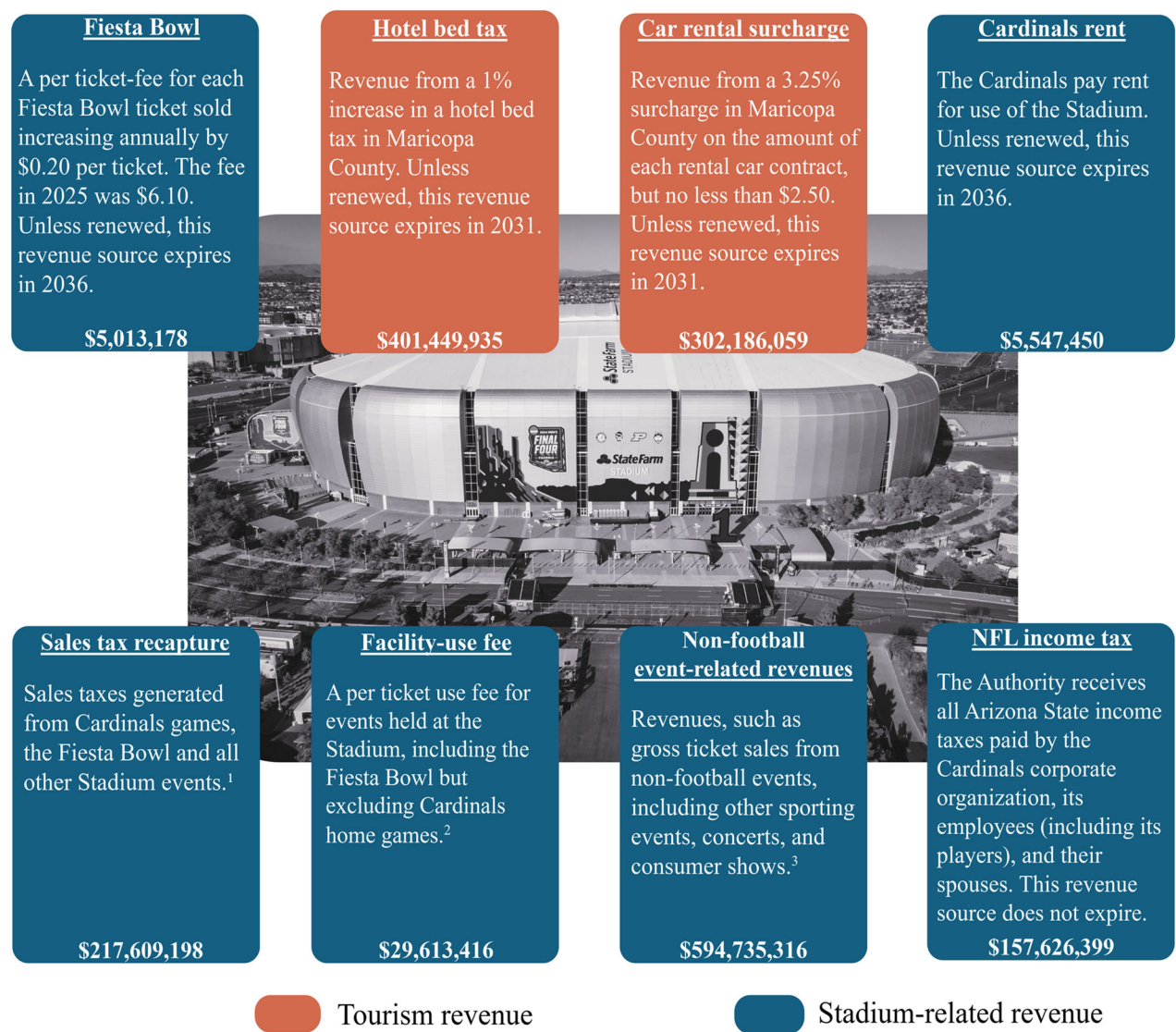
**Tourism revenue**—Monies the Authority receives from a Maricopa County hotel bed tax and a car rental surcharge. This revenue is to be distributed according to the priorities specified in statute (see Figure 2, page 7).

**Stadium-related revenue**—Monies the Authority receives from Stadium-related sources. For example, Cardinals’ rent for Stadium use and a portion of the State’s sales tax revenue from events held at the Stadium. This revenue is to be distributed according to the priorities specified in statute (see Figure 2, page 7).

Source: Walker & Armstrong staff review of A.R.S. §§5-834 and 5-835.

<sup>6</sup> According to an intergovernmental agreement between the Authority and the Maricopa County Stadium District, revenue from the Maricopa County Stadium District car rental surcharge can only be used for Cactus League projects.

Figure 1: Authority tourism and Stadium-related funding sources and revenues received from inception through June 30, 2025



1 Sales tax recapture revenues include a base portion of State sales taxes (5%) collected by the State Treasurer for Stadium events. The sales tax funding from Stadium events does not expire. In addition, the City of Glendale remits a portion of the sales taxes it collects from transactions at the facility. Sales tax revenues received from the City of Glendale are for repayment of \$32.3 million in Authority bond proceeds that were used for site improvements that were the City of Glendale’s responsibility. This revenue source will expire once the 2005 Cardinals Use Agreement between the team and the Authority has expired, but in no event will it end prior to repayment of the bond obligation.

2 Facility-use fees ranged from \$3.00 to \$8.75 in fiscal year 2025, depending on the size and type of Stadium event. Unless renewed, this revenue source expires in 2036.

3 Non-football event-related revenues include gross ticket sales and other revenues, such as concession commissions. All gross revenues are remitted to event promoters or the State and City of Glendale for sales taxes. See Table 4, footnote 1 (pages10 through 11) for additional information on the Authority’s non-football event-related revenues. This revenue source does not expire unless the facility stops holding non-football-related events.

Source: Walker & Armstrong staff review of Authority-provided information.



## Statute designates priorities for distributing tourism and Stadium-related revenues, and Authority has distributed nearly \$1.2 billion since 2000

The amounts and priority order for distributing the Authority’s 2 types of revenue—tourism and Stadium-related revenues—are established by statute (see Figure 2).<sup>7</sup> These statutes outline how the Authority must distribute monies monthly.

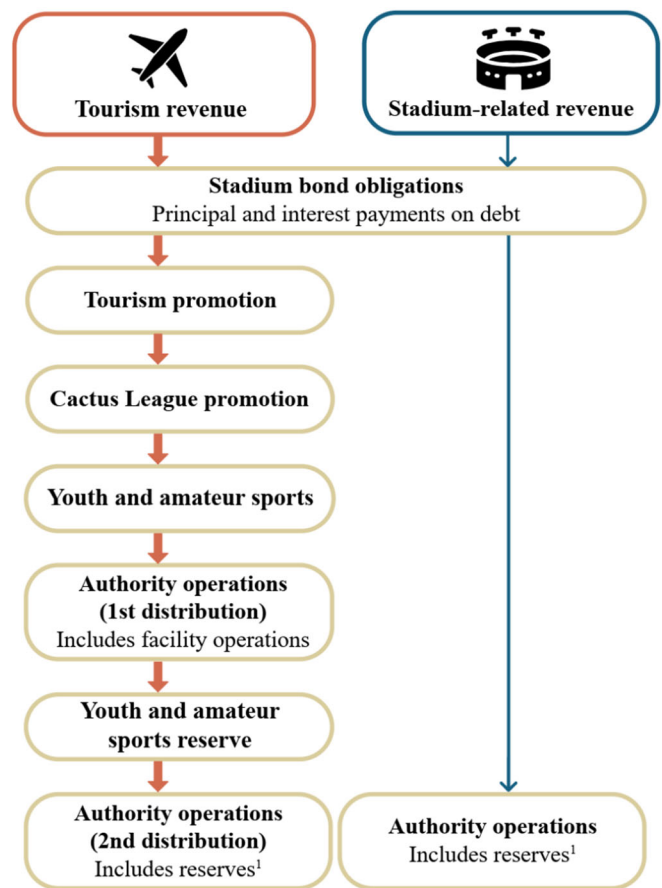
Distribution priorities for the 2 revenue types differ, as shown in Figure 2. However, the first statutorily required distribution priority for both revenue types is for Stadium bond obligations. As of June 30, 2025, the Authority’s outstanding principal on its single remaining Stadium bond was \$135 million.

If there is sufficient tourism and Stadium-related monies to fund the other statutorily required higher priorities for the month, both sources provide monies for Authority operations. The Authority uses this money to pay for operational expenses such as staff salaries and benefits and Stadium costs, such as utilities, maintenance, event-day costs, and payments to its contractor for facility management. Tourism revenues are also distributed to the Arizona Office of Tourism for tourism promotion, and to the Authority for Cactus League and youth and amateur sports promotion (see page 4 for more information on how monies are used for Cactus League and youth and amateur sports). As shown in Table 3 (see page 8), since the Authority’s inception in 2000, it has distributed nearly \$1.2 billion in tourism and Stadium-related revenues to its Stadium bond obligations, tourism promotion, Cactus League promotion, youth and amateur sports, and operations.

Statute also requires the Authority to establish cash reserves to meet future operating costs of the Authority and to cover the costs for repair, replacement, and removal of the Stadium. In fiscal year 2025, the Authority’s reserve requirements totaled \$66.7 million, including:

- A reserve within its operating account to meet future operating costs of the Authority, including amounts sufficient to pay all costs associated with events held at the Stadium.<sup>8</sup> Although statute does not specify a required amount for this operating reserve, the Board has established an operating reserve requirement of \$20 million.

**Figure 2: Revenue distribution priorities for tourism and Stadium-related revenues**



<sup>1</sup> A.R.S. §5-836 requires the Authority to establish operating reserves to meet future operating costs, including Stadium operating costs and repair, replacement, and removal.  
Source: Walker & Armstrong staff review of A.R.S. §§5-834 and 5-836.

<sup>7</sup> A.R.S. §§5-834 and 5-835.

<sup>8</sup> A.R.S. §5-836(C)(1).



- A reserve within its operating account to cover the costs for repair, replacement, and removal of the Stadium equal to \$25 million adjusted for inflation each year after 2001.<sup>9,10</sup> In fiscal year 2025, the Authority’s Stadium reserve requirement was \$46.7 million.

**Table 3: Tourism and Stadium-related revenue distributions since Authority inception through June 30, 2025**

|                                                                                   |                                              |                         |
|-----------------------------------------------------------------------------------|----------------------------------------------|-------------------------|
|  | Stadium bond obligations                     | \$ 384,458,624          |
|  | Tourism promotion                            | 171,143,177             |
|  | Cactus League promotion                      | 118,057,626             |
|  | Youth and amateur sports, including reserves | 40,364,299              |
|  | Authority operations, including reserves     | 437,311,302             |
| <b>Total</b>                                                                      |                                              | <b>\$ 1,151,335,028</b> |

Source: Walker & Armstrong staff review of Authority-provided information.

As shown in Figure 2 (see page 7), the Authority’s operating account, which should include the required reserves, is the last distribution priority for both tourism and Stadium-related revenues. Although the Authority has historically received insufficient revenues to accumulate the full amount of these reserves, the Authority’s revenue trend indicates that its operating account cash balance will likely continue to exceed the required reserve amounts (see Questions and Answers, Questions 5 and 6, pages 26 and 27, for more information). In addition to tourism and Stadium-related revenues, the Authority also receives revenue from the Maricopa County Stadium District car rental surcharge, which is a separate revenue source specific to Cactus League promotion. In addition to the approximately \$118 million tourism and Stadium-related revenue distributions to Cactus League promotion, the Authority has distributed nearly another \$58.9 million to Cactus League promotion from the Maricopa County Stadium District car rental surcharge revenues.

Historically, the Authority has distributed monies inconsistent with statutory requirements because its staff made inaccurate calculations.<sup>11</sup> For example, as reported in the Auditor General’s 2020 Authority performance audit, the Authority paid approximately \$1.1 million more to Stadium bond obligations using tourism revenues than statutorily allowed in fiscal years 2018 through 2020, resulting in lower priorities, such as tourism promotion and Cactus League promotion, receiving less monies than statutorily allowed. However, our review of the Authority’s fiscal year 2021 through 2025 distributions found that the Authority accurately calculated and distributed monies pursuant to statutory requirements and according to Authority staff, corrections were made for previously identified distribution errors to ensure that the total distributions align with statutory requirements.

## Authority comprises 9 members supported by 3 staff positions, and contracts for Stadium and concessions management

The Authority is governed by a 9-member board of directors (Board), all of whom must reside in

<sup>9</sup> A.R.S. §5-836(C)(2).

<sup>10</sup> Authority staff reported that their method for calculating the inflation amount for the reserve is with the inflation calculator published by the U.S. Bureau of Labor Statistics.

<sup>11</sup> Office of the Auditor General of Arizona. (2015). *Arizona Sports and Tourism Authority: Performance audit (Report 15-107)*. Retrieved July 29, 2025, from [https://www.azauditor.gov/sites/default/files/2023-11/15-107\\_Report.pdf](https://www.azauditor.gov/sites/default/files/2023-11/15-107_Report.pdf) and Office of the Auditor General of Arizona. (2020). *Arizona Sports and Tourism Authority: Performance audit (Report 20-111)*. Retrieved July 29, 2025, from [https://www.azauditor.gov/sites/default/files/2023-11/20-111\\_Report.pdf](https://www.azauditor.gov/sites/default/files/2023-11/20-111_Report.pdf).

Maricopa County. As of July 2025, 8 of 9 positions were filled.<sup>12</sup> The Arizona State Senate President and Speaker of the House of Representatives each appoint 2 members, and the Governor appoints 5 members, 4 of whom must represent the tourism industry, hotel and motel industry, youth sports organizations, and MLB Cactus League spring training organizations.<sup>13</sup> All members serve 5-year terms and may serve up to 2 terms.<sup>14</sup>

The Authority's operations are managed by 3 staff. Specifically, the Authority's president/chief executive officer performs various duties including negotiating contracts and overseeing and supporting the facility management contractor's management of the Stadium. The Authority's chief financial officer (CFO) oversees its operating budget, distributes revenues to meet statutory requirements, and develops revenue projections. Lastly, the Authority's director of executive office operations and grants provides administrative support and oversees the Authority's youth and amateur sports grants program.

In addition, statute authorizes the Authority to use outside consultants, including legal counsel.<sup>15</sup>

According to the Authority, its major contracts are its facility management agreement; concessions agreement for management and operations of the Stadium's general concessions, catering, and premium food and beverage sales; and public relations/media operations consulting to assist the Authority with general communications, media outreach, and public relations strategies and management.<sup>16</sup>

## Authority's fiscal year 2021 through 2025 revenues were primarily from hotel bed taxes, car rental surcharges, and Stadium events and its expenditures were mostly for Stadium operations and statutorily-required distributions

As discussed previously, and shown in Table 4 (see pages 10 and 11), the Authority has various revenue sources, including a car rental surcharge and NFL income taxes. For fiscal year 2025, the Authority's revenues totaled more than \$174 million, while its expenditures totaled approximately \$136 million. Stadium operating expenses represented its largest expense and included items such as ticket sales, net of sales taxes, paid to promoters; event-related specific costs; utilities; and maintenance. Although some of the Authority's required distributions, such as its tourism promotion distribution to the Arizona Office of Tourism, are listed on this table, others are not because of required accounting standards.<sup>17</sup> For additional information on the Authority's required distributions, see Questions and Answers section (pages 21 through 28).

<sup>12</sup> The Authority reported that a Board member representing the Cactus League resigned in December 2021 and the position is pending appointment by the Governor.

<sup>13</sup> A.R.S. §5-803(A).

<sup>14</sup> A.R.S. §5-803(B).

<sup>15</sup> A.R.S. §5-804 (A)(7).

<sup>16</sup> The owner of the Arizona Cardinals has a partial ownership in the Authority's concession contractor based on Walker & Armstrong staff review of the Arizona Corporation Commission website.

<sup>17</sup> The Authority accounts for certain obligations, such as the Stadium bond obligations and Cactus League commitments, as liabilities in its audited financial statements in accordance with accounting standards and recognized as an expense at that time; therefore, distributions from tourism and Stadium-related revenues reduce the liabilities and are not considered expenses when distributed.

**Table 4: Schedule of revenues, expenditures, and changes in net position**  
**Fiscal years 2023 through 2025**  
**(Unaudited)**

|                                                  | 2023                 | 2024                  | 2025                  |
|--------------------------------------------------|----------------------|-----------------------|-----------------------|
| <b>Net position, beginning of year</b>           | <b>\$ 36,934,299</b> | <b>\$ 83,967,795</b>  | <b>\$ 108,496,732</b> |
| <b>Revenues</b>                                  |                      |                       |                       |
| Tourism                                          |                      |                       |                       |
| Hotel bed taxes                                  | 28,887,136           | 28,263,941            | 28,469,859            |
| Car rental surcharges                            | 19,889,259           | 21,379,775            | 22,109,785            |
| <b>Total tourism revenues</b>                    | <b>48,776,395</b>    | <b>49,643,716</b>     | <b>50,579,644</b>     |
| Stadium-related                                  |                      |                       |                       |
| Stadium operating revenues                       |                      |                       |                       |
| Non-football event-related <sup>1</sup>          | 116,234,957          | 95,748,542            | 86,342,807            |
| Facility use fees <sup>2</sup>                   | 4,142,464            | 4,304,352             | 3,001,699             |
| Fiesta Bowl ticket use fees                      | 383,131              | 269,058               | 363,395               |
| Cardinals' rent payments                         | 294,585              | 294,585               | 294,585               |
| Total stadium operating revenues                 | 121,055,137          | 100,616,537           | 90,002,486            |
| NFL income taxes                                 | 10,454,404           | 7,688,980             | 8,585,877             |
| Sales tax recapture                              | 29,787,577           | 16,346,915            | 14,681,148            |
| <b>Total Stadium-related revenues</b>            | <b>161,297,118</b>   | <b>124,652,432</b>    | <b>113,269,511</b>    |
| District car rental surcharge <sup>3</sup>       | 7,660,619            | 12,944,934            | 7,413,735             |
| Other <sup>4</sup>                               | 1,259,514            | 3,119,673             | 3,469,101             |
| <b>Total revenues</b>                            | <b>218,993,646</b>   | <b>190,360,755</b>    | <b>174,731,991</b>    |
| <b>Expenses</b>                                  |                      |                       |                       |
| Authority operating expenses                     |                      |                       |                       |
| Payroll and related benefits                     | 723,152              | 795,972               | 857,149               |
| Professional and outside services                | 271,206              | 364,774               | 323,472               |
| Other <sup>5</sup>                               | 398,535              | 330,587               | 320,987               |
| <b>Total Authority operating expenses</b>        | <b>1,392,893</b>     | <b>1,491,333</b>      | <b>1,501,608</b>      |
| Stadium operating expenses <sup>6</sup>          | 139,591,896          | 112,440,266           | 99,137,300            |
| Depreciation                                     | 18,079,455           | 18,343,597            | 19,997,198            |
| Interest expense for bonds and other obligations | 4,131,466            | 3,617,393             | 2,998,124             |
| Arizona Office of Tourism distribution           | 11,190,281           | 11,749,798            | 12,337,284            |
| Youth and amateur sports awards <sup>7</sup>     | 260,942              | 5,536,335             | 153,600               |
| Cactus League <sup>8</sup>                       | 7,603,900            | 13,031,338            | 140,684               |
| Other <sup>9</sup>                               | 97,073               | -                     | 68,818                |
| <b>Total expenses</b>                            | <b>182,347,906</b>   | <b>166,210,060</b>    | <b>136,334,616</b>    |
| Excess of revenues over (under) expenses         | 36,645,740           | 24,150,695            | 38,397,375            |
| Capital contributions <sup>10</sup>              | 10,387,756           | 378,242               | 15,192,050            |
| Changes in net position                          | 47,033,496           | 24,528,937            | 53,589,425            |
| <b>Net position, end of year</b>                 | <b>\$ 83,967,795</b> | <b>\$ 108,496,732</b> | <b>\$ 162,086,157</b> |

## Table 4 – continued

- <sup>1</sup> Non-football event revenues are generated from events such as other sporting events, concerts, and consumer shows (see Table 2 on page 3 for additional events). These revenues include gross ticket revenues, event rental payments, concession commissions, and other miscellaneous revenues such as payments for security costs, ticket printing, and other services. All gross ticket sales are remitted to the promoters or the State and City of Glendale for sales taxes (see footnote 6 for additional information).
- <sup>2</sup> As shown in Figure 1 on page 6, facility-use fees are per ticket fees for events held at the Stadium, except Cardinal’s home games. The fees were established to help generate revenues to retire a \$53.1 million Stadium bond obligation that the Authority issued to complete the Stadium and to reimburse the Cardinals for certain construction and other costs they incurred that were not their obligation. This bond obligation includes the portion issued for the City of Glendale (see footnote 3 for additional information). In accordance with an agreement with the Cardinals, the Cardinals collect facility-use fees for their home games and hold the monies in a separate account specifically to pay for a portion of the bond obligations, if needed.
- <sup>3</sup> District car rental surcharge revenues are a portion of the Maricopa County Stadium District car rental surcharge revenues the District receives. The Authority receives the surcharge from each rental car contract in Maricopa County and the monies are restricted to Cactus League promotion.
- <sup>4</sup> Other revenues are primarily from interest, but also include other revenues such as youth and amateur sports grant recovery.
- <sup>5</sup> Other Authority expenses include various expenses such as marketing and promotion, insurance, and communication expenses.
- <sup>6</sup> Stadium operating expenses are primarily costs related to events such as ticket sales, net of sales taxes, paid to promoters, and event-related specific costs. In addition, it includes Stadium operating costs such as utilities, maintenance, and professional fees.
- <sup>7</sup> Youth and amateur sports awards are the total of awards granted in each fiscal year. The Authority awards its larger grants, biennial awards, every 2 years; therefore, the amount fluctuates between fiscal years.
- <sup>8</sup> Cactus League expenses represent amounts paid to Cactus League cities that exceeded previously recorded liabilities and expenses. In accordance with accounting standards, the Authority initially recorded a liability and corresponding expense based on eligibility criteria. Payments exceeding these established liabilities were not previously recognized as expenses and were therefore recognized when paid.
- <sup>9</sup> Other expenses in fiscal year 2023 and 2025 are related to a loss on disposition of assets.
- <sup>10</sup> Capital contributions represent capital improvements to upgrade the Stadium paid for by the Cardinals.

Source: Walker & Armstrong staff review of the Authority’s fiscal years 2023 and 2024 financial statements audited by an independent certified public accounting firm, fiscal years 2023 through 2025 general ledgers, and Authority-provided information.

## 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

Facility manager did not verify that Stadium concessions revenue was accurate and Authority did not review monthly event settlements in fiscal year 2025, as required by Authority's facility management contract and policy

As discussed in the Introduction (see pages 1 through 11), the Authority uses a contractor to manage Stadium operations, including events that the Authority receives revenue from. In fiscal years 2021 through 2025, the Authority received approximately \$18.3 million and \$229.3 million from concessions and events, respectively.<sup>18</sup> However, similar to the Auditor General's 2010 special audit and 2020 performance audit of the Authority that identified issues with the Authority's Stadium management oversight practices, our review identified 2 issues with the Authority's oversight activities for ensuring it received all Stadium revenues it was entitled to receive.<sup>19</sup>

- **Issue 1: Facility manager did not verify that revenues Authority received from the Stadium concessions contractor were accurate, as required by the facility management contract**—The Authority's facility management contract requires the facility manager to oversee the Stadium's concession contractor for all Stadium events, including verifying concessions revenue received by the Authority (a) complied with the percentage of sales provision in the Authority's concessions agreement and (b) was calculated using reliable information. However, the facility manager relied on information provided by the Stadium concessions contractor without verifying the accuracy of the information received. For example, the facility manager used financial statements internally prepared by the concessions contractor and did not reconcile the financial statements to the concession contractor's point-of-sale system reports to determine that the concession revenues received were accurate and complete.

The Authority contributed to the facility manager's failure to verify the accuracy of concessions revenue because the Authority delegated its statutory responsibility for managing, administering, and supervising the Authority's activities, including concessions management, to the facility manager in the facility management contract, but did not establish accountability mechanisms to ensure delegated responsibilities were carried out as intended. According to recommended practices from the U.S.

<sup>18</sup> Based on Walker & Armstrong staff review of accounting information provided by the Authority.

<sup>19</sup> Office of the Auditor General of Arizona. (2010). *Arizona Sports and Tourism Authority: Special audit (Report 10-09)*. Retrieved July 29, 2025 from [https://www.azauditor.gov/sites/default/files/2023-11/10-09\\_Report\\_0.pdf](https://www.azauditor.gov/sites/default/files/2023-11/10-09_Report_0.pdf) and Office of the Auditor General of Arizona. (2020). *Arizona Sports and Tourism Authority: Performance audit (Report 20-111)*. Retrieved July 29, 2029, from [https://www.azauditor.gov/sites/default/files/2023-11/20-111\\_Report.pdf](https://www.azauditor.gov/sites/default/files/2023-11/20-111_Report.pdf).



Government Accountability Office (GAO), although management may delegate authority to achieve the entity's objectives, it remains responsible for overall performance, including monitoring contractors to ensure responsibilities are carried out in accordance with established requirements.<sup>20</sup> In addition, recommended practices for effective oversight and monitoring recommend that oversight and monitoring practices be clearly defined and consistently executed to ensure that contractors comply with contract terms.<sup>21</sup> However, the Authority was unfamiliar with the facility manager's process and did not establish adequate oversight controls to confirm that the facility manager verified the Authority received the correct percentage of Stadium concessions revenue based on reliable information.

The Authority reported that it expected that the concession revenue it received was accurate because (a) the concession contractor's financial statements were audited by an independent public accounting firm and (b) the Cardinals—who were also entitled to a portion of concession revenues—were likely monitoring distribution amounts. However, audit standards only require auditors to assess the risk of material misstatement and design procedures accordingly to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement.<sup>22,23</sup> Due to this risk-based approach, the financial audit procedures likely would not include performing a detailed reconciliation between the revenues collected and remitted to the Authority. Additionally, the Cardinals and the concessions contractor have common ownership, which may not provide the level of independence or objectivity necessary to rely on reported amounts.<sup>24</sup>

- **Issue 2: Authority did not perform monthly reviews of event settlements in fiscal year 2025, as required by its policy and as recommended in 2 previous Authority performance audits**—The facility manager is contractually required to perform event settlements for all Stadium events (see textbox), and Authority policies and procedures require its staff to select and review a sample of event settlements monthly to ensure the facility manager adequately reconciled fees paid by event promoters as contractually required. The Authority developed these policies and procedures in response to the Auditor

#### Event settlement

A meeting between the facility manager and the event promoter to discuss and determine the dollar amount owed to or due from the promoter for the event. The meeting entails reviewing the event agreement to ensure terms were met, changes in the event were accounted for, and the correct amount was paid.

Source: Walker & Armstrong discussion with Authority staff.

<sup>20</sup> U.S. Government Accountability Office. (2014). *Standards for internal control in the federal government* (GAO-14-704G). Retrieved June 16, 2025, from <https://www.gao.gov/assets/gao-14-704g.pdf>.

<sup>21</sup> National State Auditors Association (NSAA). (2003). *Contracting for services: A National State Auditors Association best practices document*. Retrieved July 16, 2025, from [https://www.nasact.org/files/News\\_and\\_Publications/White\\_Papers\\_Reports/NSAA%20Best%20Practices%20Documents/2003\\_Contracting\\_Best\\_Practices.pdf](https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2003_Contracting_Best_Practices.pdf). National Association of State Procurement Officials (NASPO). (2023). *Contract Administration Best Practices Guide*. Retrieved July 16, 2025, from [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>22</sup> American Institute of Certified Public Accountants. (2012). *AU-C Section 200: Overall objectives of independent auditor and the conduct of an audit in accordance with generally accepted auditing standards*.

<sup>23</sup> American Institute of Certified Public Accountants. (2012). *AU-C Section 315: Understanding the entity and its environment and assessing the risks of material misstatement*.

<sup>24</sup> Walker & Armstrong staff review of the Arizona Corporation Commission website.

General's 2009 and 2020 Authority performance audits, both of which included recommendations for the Authority to improve its oversight of the facility manager's event settlements.<sup>25</sup> However, our May 2025 review of event settlements reviewed by the Authority found that Authority staff had performed event settlement reviews during fiscal years 2021 through 2024, but it had not performed settlement reviews between July 2024 and May of 2025.

The following factors contributed to the Authority's failure to perform monthly event settlement reviews:

- The Authority's president/chief executive officer did not ensure that the Authority's staff complied with its policy to perform monthly event settlement reviews.
- According to Authority staff, monthly event settlement reviews had not ceased, they were just delayed due to excessive workload demands that included routine accounting, reconciliations, and budgeting. The president/chief executive officer reported that the Authority was aware of staff workloads, budgeted for increased payroll for the past 2 years to support additional staffing, and staff were encouraged to hire the personnel needed to be able to complete their job duties, but had not ensured its staff were taking steps to hire the additional staff. In response to our inquiries about the deficient event settlement reviews, Authority staff reported that they began reviewing event settlements for the months not yet reviewed and indicated that they had not prioritized hiring additional staff due to competing demands.

## Authority's failure to monitor its facility management contractor and perform required staff event settlement reviews potentially resulted in the Authority not receiving all revenues it was entitled to

By failing to ensure (a) the facility manager met contractual obligations to oversee the Stadium concessions contractor and (b) Authority staff adhered to its policy requiring routine reviews of event settlements, the Authority's president/chief executive officer limited the Authority's ability to verify it received its contractual apportionment of revenues. Although our review of 3 of 20 settlements reviewed by the Authority between July 2021 and June 2024 did not identify discrepancies, concession revenue received by the Authority may not reflect the actual amounts due under contract, and the Authority increased the risk of over or underpaying event promoters for Stadium events.

### Recommendations to the Authority

- 1) Require the facility manager to verify concession revenues received in fiscal years 2021 through 2025 were accurate and complete.
- 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.
- 3) Follow its policy to review event settlements monthly.

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<sup>25</sup> Office of the Auditor General of Arizona. (2009). *Arizona Sports and Tourism Authority: Performance audit (Report 09-04)*. Retrieved July 29, 2025 from [https://www.azauditor.gov/sites/default/files/2023-11/09-04\\_0.pdf](https://www.azauditor.gov/sites/default/files/2023-11/09-04_0.pdf) and Office of the Auditor General of Arizona. (2020). *Arizona Sports and Tourism Authority: Performance audit (Report 20-111)*. Retrieved July 29, 2025 from [https://www.azauditor.gov/sites/default/files/2023-11/20-111\\_Report.pdf](https://www.azauditor.gov/sites/default/files/2023-11/20-111_Report.pdf).

- 4) Conduct fiscal year 2025 event settlement reviews.
- 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: As outlined in its [response](#), the Authority agrees with the finding and will implement the recommendations.

### 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

#### Statute requires Authority Board members and employees to follow State conflict-of-interest laws

Pursuant to A.R.S. §5-811(A), the Authority’s Board members and employees are subject to the State’s conflict-of-interest laws, which require employees of public agencies and public officers, including Board members, to avoid conflicts of interest that might influence or affect their official conduct.<sup>26</sup> To determine whether a conflict of interest exists, employees/public officers must first evaluate whether they or a relative has a “substantial interest” in (1) any contract, sale, purchase, or service to the public agency or (2) any decision of the public agency (see textbox for key terms).

If an employee/public officer or a relative has a substantial interest, statute requires the employee/public officer to fully disclose the interest and refrain from voting upon or otherwise participating in the matter in any way as an employee/public officer.<sup>27,28</sup> The interest must be disclosed in the public agency’s official records, either through a signed document or the agency’s official minutes. In addition, A.R.S. §38-509 requires public agencies to maintain a special file of all documents necessary to memorialize all disclosures of substantial interest, including disclosure forms and official meeting minutes, and to make this file available for public inspection. Finally, pursuant to A.R.S. §5-811(B), the Authority’s Board members and employees are prohibited from having any direct or indirect financial interest in any property owned, purchased, or constructed by the Authority.

**Substantial interest:** Any direct or indirect monetary or ownership interest that is not hypothetical and is not defined in statute as a remote interest.

**Remote interest:** Any of several specific categories of interests defined in statute that are exempt from the conflict-of-interest requirements.

Source: Walker & Armstrong staff review of A.R.S. §38-502 and the Arizona Agency Handbook. Arizona Office of the Attorney General (AAG). (2018). *Arizona agency handbook*. Retrieved July 22, 2025, from [https://www.azag.gov/sites/default/files/docs/agency-handbook/2018/agency\\_handbook\\_chapter\\_8.pdf](https://www.azag.gov/sites/default/files/docs/agency-handbook/2018/agency_handbook_chapter_8.pdf).

<sup>26</sup> A.R.S. §38-503.

<sup>27</sup> See A.R.S. §§38-502 and 38-503(A) and (B).

<sup>28</sup> A.R.S. §38-502(8) defines “public officer” as all elected or appointed officers of a public agency established by charter, ordinance, resolution, State constitution, or statute. According to the Arizona Agency Handbook, public officers include directors of State agencies and members of State boards, commissions, councils, and committees—whether paid or unpaid. A.R.S. §38-503; AAG, 2018.

In response to past conflict-of-interest noncompliance and violations investigated for other organizations, such as employees/public officers failing to disclose substantial interests and participation in matters related to those interests, the Arizona Auditor General has recommended several practices and actions to State agencies and other public entities.<sup>29</sup> These recommendations are based on recommended practices for managing conflicts of interest in government and are designed to help ensure compliance with State conflict-of-interest requirements by reminding employees/public officers of the importance of complying with the State's conflict-of-interest laws.<sup>30</sup> Specifically, conflict-of-interest recommended practices indicate that all public entity employees and public officers complete, or be reminded to update, a disclosure form annually to help remind them to update their disclosure form if their circumstances change and that the form include a field for the employee/public officer to attest that they do not have any of these potential conflicts, if applicable, also known as an "affirmative no." These recommended practices also suggest that public entities develop a formal remediation process and provide periodic training to ensure that identified conflicts are appropriately addressed and help ensure that conflict-of-interest requirements are met. Finally, recommended practices indicate that the minutes of the public entity should reflect the public disclosure of board members' interests as the reason for refraining from participation, including the nature of the conflict, and stressing the importance of fully disclosing and memorializing the disclosure of interests as they relate to those decisions.

## Authority did not comply with some State conflict-of-interest requirements and its conflict-of-interest process was not fully aligned with recommended practices

The Authority did not comply with some State conflict-of-interest and Authority policy requirements, and its conflict-of-interest process was not fully aligned with recommended practices designed to help ensure that employees and Board members comply with State requirements. Specifically:

- **Authority did not prohibit Board members and staff from having financial interests as required by statute**—Statute prohibits Board members and employees from having any direct or indirect financial interest in any property owned, purchased, or constructed by the Authority.<sup>31</sup> However, our review of the Authority's policy, conflict-of-interest disclosure form, and training materials found that, inconsistent with statute, they did not explicitly prohibit Board members and employees from

<sup>29</sup> See, for example, Auditor General Reports 24-211 *Concho Elementary School District*, 21-404 *Wickenburg Unified School District—Criminal indictment—Conflict of interest, fraudulent schemes, and forgery*, 19-105 *Arizona School Facilities Board—Building Renewal Grant Fund*, and 17-405 *Pine-Strawberry Water Improvement District—Theft and misuse of public monies*.

<sup>30</sup> Recommended practices we reviewed included: Dobie, K. (2023). *Conflict of interest handbook*. The Ethics Institute (TEI). Retrieved October 16, 2025, from [https://www.tei.org.za/wp-content/uploads/2023/09/Conflict-of-Interest-Handbook\\_eBook.pdf](https://www.tei.org.za/wp-content/uploads/2023/09/Conflict-of-Interest-Handbook_eBook.pdf); Francis, M. A., et al. (2025). *10 Tips for handling conflicts of interest: The year in governance*. American Bar Association (ABA). Retrieved October 16, 2025, from [https://www.americanbar.org/groups/business\\_law/resources/business-law-today/2025-may/10-tips-for-handling-conflicts-of-interest-the-year-in-governance/](https://www.americanbar.org/groups/business_law/resources/business-law-today/2025-may/10-tips-for-handling-conflicts-of-interest-the-year-in-governance/); Kaplan, J., Walker, R., and Kaplan & Walker LLP. (2022). *Conflicts of interest: Best compliance practices*. Navex. Retrieved October 16, 2025, from <https://cdn.navex.com/image/upload/v1649889769/resource%20documents/conflict-of-interest-best-compliance-practices-whitepaper-2022.pdf>; New York State Authorities Budget Office (ABO). (n.d.). *Recommended Practice: Conflict of Interest Policy for Public Authorities*. Retrieved October 16, 2025, from <https://www.abo.ny.gov/recommendedpractices/ConflictOfInterestPolicy.pdf>; and The World Bank, Organization for Economic Cooperation and Development (OECD), & United Nations Office on Drugs and Crime (UNODC). (2020). *Preventing and managing conflicts of interest in the public sector: Good practices guide*. Retrieved October 16, 2025, from <https://www.unodc.org/documents/corruption/Publications/2020/Preventing-and-Managing-Conflicts-of-Interest-in-the-Public-Sector-Good-Practices-Guide.pdf>.

<sup>31</sup> A.R.S. §5-811(B).



having those interests. Rather than prohibiting Board members from having those financial interests as required by statute, the Authority’s policy instead indicated that Board members and employees should disclose and refrain from participating in decisions related to these interests.

- **Authority lacked a special disclosure file as required by statute and its policy**—Statute and Authority policy require it to maintain a specific, special file that is available for public inspection containing all documentation memorializing disclosures of substantial interest by its Board members and employees.<sup>32</sup> However, the Authority did not have a special file. Instead, according to the Authority, it retained completed conflict-of-interest disclosure forms in each individual employee’s personnel file and maintained Board member disclosures related to recusals with the Board meeting information pertaining to the recusal.
- **Authority did not disclose all Board member interests in its official public records**—If a public employee/officer or their relative has a substantial interest, statute requires the public employee/officer to fully disclose the interest and refrain from voting upon or otherwise participating in the matter in any way as an employee/public officer.<sup>33</sup> The interest must be disclosed in the public agency’s official records, either through a signed document or the agency’s official minutes.<sup>34</sup> Our review of Board minutes found that during the November 2021 Board meeting, the minutes indicate that a Board member refrained from voting on a Board action, but the meeting minutes did not explain the reason for the Board member’s recusal, and thus did not disclose the nature of the conflict. Instead, according to Authority staff, prior to the meeting, the Board member informed Authority staff that an item on the meeting agenda involved their employer and indicated that they would thus refrain from voting on that item. However, Authority staff did not request nor did the Board member submit a signed form disclosing the nature of the interest.
- **Most Authority Board members and staff did not include dates on disclosure forms and thus it was unclear if they had submitted annual conflict-of-interest disclosures as required by policy**—Authority policy requires that Board members and staff annually complete a conflict-of-interest disclosure form. However, our review of all 11 Authority Board member and employee disclosure forms as of June 2025 found that 9 of 11 disclosure forms did not signify the date they had been completed and signed. As a result, we were unable to verify that all Board members and employees complied with the Authority’s policy requiring annual disclosure.

Finally, the Authority had not fully aligned its conflict-of-interest process with recommended practices. Specifically, the Authority’s disclosure form did not require Board members and staff to provide an “affirmative no” if they had no conflicts. Additionally, the Authority lacked a formal remediation process to address disclosed conflicts. The Authority also did not provide conflict-of-interest training for its Board members and employees related to their unique functions or responsibilities between July 2021 and May 2025.

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<sup>32</sup> A.R.S. §§38-509 and 38-511(A).

<sup>33</sup> A.R.S. §§38-502 and 38-503(A) and (B).

<sup>34</sup> A.R.S. §38-502.

## Authority's noncompliance with State conflict-of-interest requirements and not fully aligning its conflict-of-interest process with recommended practices increased the risk that employees and Board members did not disclose substantial interests that might influence or affect their official conduct

The Authority's noncompliance with State conflict-of-interest requirements and not fully aligning its conflict-of-interest process with recommended practices increased the risk that Authority employees and Board members would not disclose substantial interests that might influence or affect their official conduct. For example, by not requiring Board members or staff to complete a disclosure form that addressed all statutorily required disclosures, or by reminding them to update their form at least annually or as their circumstances changed, the Authority could not ensure that all employees and Board members disclosed both financial and decision-making substantial interests and refrained from participating in any manner related to these interests, as required by statute. As discussed in the Introduction (see pages 1 through 11), the Board is composed of individuals in the sports and tourism-related industry, increasing the risk that Board members may have substantial interests that could impact their official conduct, such as approving grants for youth and amateur sports or contracts for goods and/or services. Consequently, the Authority might have been unaware of potential conflicts and the need to take action to mitigate those conflicts.

Finally, because the Authority did not store completed forms disclosing substantial interests in a special file, it lacked a method to track which and how many Board members and staff disclosed an interest and make this information available in response to public requests, as required by statute.

## Authority lacked comprehensive conflict-of-interest policies, procedures, and disclosure form and had not provided training

Our review identified 3 factors that contributed to the problems noted previously. Specifically:

- Authority policies were missing key elements including: prohibiting direct or indirect financial interest in any property owned, purchased, or constructed by the Authority; how it would review and remediate conflicts of interest; requiring Board members and staff to affirm whether or not conflicts exist and that they do not have prohibited interests; requiring meeting minutes to reflect the reason for Board members abstaining from voting; and providing periodic training to Board members and staff to ensure that they understand what constitutes a conflict or prohibited activity and their responsibilities as it relates to statute and its policy. In addition, the Authority had not established procedures on how it would carry out and ensure its policy was followed, such as who was responsible for obtaining annual disclosure forms.
- Authority's conflict-of-interest disclosure form did not include a field for a date for when the form was completed.
- Authority failed to ensure that Board members and staff were trained to understand the requirements and their roles and responsibilities related to conflicts of interest which likely contributed to some of the issues we identified, such as the Authority not maintaining a special file.

Upon bringing these items to the Authority’s attention, Authority staff reported being unaware of the requirements and were unable to explain why the Authority’s policy and disclosure form did not contain all required elements or why it had not followed its policy. In June 2025, the Authority reported providing training to Board members and employees on conflict-of-interest policies and requirements and that its conflict-of-interest disclosure form was updated to include a signature date that will be used beginning in fiscal year 2026.

### Recommendations to the Authority

- 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.
- 7) Follow its policy to maintain a special file to memorialize disclosures of substantial interest, as statutorily required.
- 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.
- 9) After revising its conflict-of-interest disclosure form, obtain updated disclosure forms from Board members and staff.
- 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: As outlined in its [response](#), the Authority agrees with the finding and will implement the recommendations.

# QUESTIONS AND ANSWERS

## Revenues and distributions for fiscal years 2021 through 2025, the COVID-19 pandemic's impact and post-pandemic recovery, and the Authority's plans for excess cash reserves

These Questions and Answers include additional recommendations not discussed earlier in the report.

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| <b>Question 7:</b> What is the Authority's plan for using monies that exceed its required cash reserve amounts?                                                          | 27          |

### Question 1: Did the COVID-19 pandemic impact the Authority's ability to pay its Stadium bond obligations?

The COVID-19 pandemic did not impact the Authority's ability to pay its Stadium bond obligations but the Authority did use some monies in its reserves and a greater proportion of its Stadium-related revenues to meet these obligations. As discussed in the Introduction (see pages 1 through 11), the Authority receives tourism and Stadium-related revenues and is required to distribute these revenues according to statutorily mandated priorities, including payments on bond debt issued for the construction of the Stadium. For both tourism and Stadium-related revenues, the bond debt obligation is the first priority for revenue distribution (see Figure 2 on page 7). As outlined in the Auditor General's 2020 Authority

performance audit, the Authority anticipated that its fiscal year 2021 revenues would be insufficient to meet the full monthly debt obligation distributions. To address these projected shortfalls, the Authority planned to utilize monies from its operational reserves to pay the required bond obligation payments not covered by revenues received.

Although the Authority's anticipated scenario did not occur in fiscal year 2021, the Authority used monies from its operational reserves to pay its bond obligations during 1 month. Specifically, the Authority did not receive sufficient tourism and Stadium-related revenues to meet its July 2020 bond obligation distribution, and consequently used approximately \$42,000 from its operational reserves to pay the debt service requirements for its bonds during that month.<sup>35</sup>

From September 2020 to June 2025, the Authority has received sufficient tourism and Stadium-related revenues each month to meet its bond obligation distribution requirements and has reported that it does not anticipate any revenue shortfalls for the foreseeable future.

## Question 2: How did the COVID-19 pandemic impact the Authority's tourism and Stadium-related revenues and distributions in fiscal year 2021?

Consistent with what the Arizona Auditor General found in its 2020 performance audit, the Authority projected that its fiscal year 2021 would mark the first instance in its history where revenues would be insufficient to cover its monthly bond obligations. The projections also reflected potential revenue declines under worst-case scenarios. Except for the instance described in Question 1, the Authority received sufficient Stadium-related revenues to meet statutorily required distributions in fiscal year 2021. However, its tourism revenues were insufficient to meet its required statutory distributions in fiscal year 2021. Specifically:

- **Other than July 2020, Stadium-related revenues were sufficient to meet statutorily required distributions during fiscal year 2021**—As shown in the Introduction (see Figure 2, page 7), the Authority must first distribute Stadium-related revenues to pay Stadium bond obligations and the remainder for Authority operations. With the exception of July 2020, Stadium-related revenues were sufficient to cover its monthly statutorily required bond distributions.
- **Tourism revenues were insufficient to meet all distribution amounts set forth in statute during fiscal year 2021 for most months**—Unlike Stadium-related revenues, tourism revenues are subject to multiple required distributions (see Figure 2, page 7). As described in Question 3, tourism revenues have historically been insufficient to fully meet its monthly distribution requirements. In fiscal year 2021, this shortfall was exacerbated by the COVID-19 pandemic, which drove a significant decline in tourism activity and resulted in shortfalls in monthly tourism revenues and distributions. For example, the Authority was unable to make distributions to its third distribution priority, Cactus League promotion, between July 2020 and April 2021. As a result, Cactus League promotion received \$7.1 million less than the amount required by statute during that period.

<sup>35</sup> Additionally, in August 2020, although the Authority's tourism revenues were insufficient to meet its bond obligation distribution, it did not use its reserves to make up the tourism revenue deficit, and instead used \$302,000 of Stadium-related revenues to make up for the tourism revenue deficit.

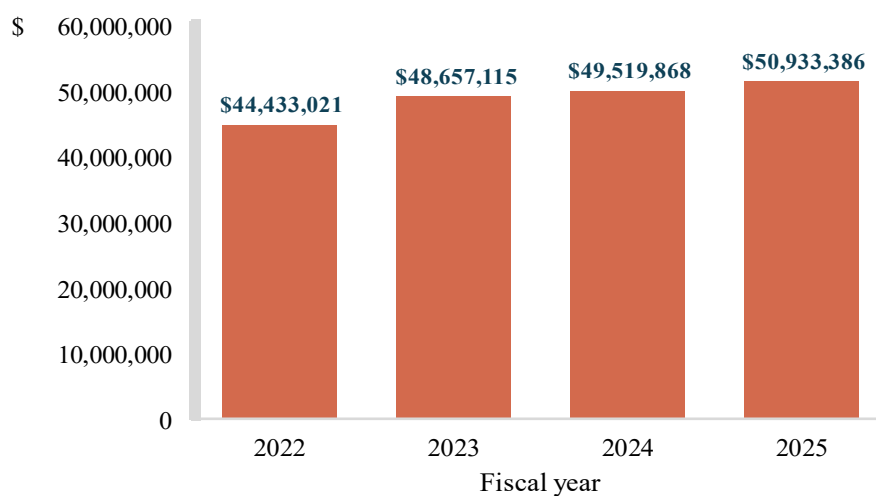


### Question 3: Did the COVID-19 pandemic continue to negatively impact the Authority’s tourism revenues and distributions in fiscal years 2022 through 2025?

Tourism revenues and distributions for fiscal years 2022 through 2025 have exceeded pre-pandemic levels and Authority reported projections. Specifically:

- **Authority experienced a year-over-year increase in tourism revenues since fiscal year 2022**—In fiscal year 2022, tourism revenue increased 23%—or more than \$8 million—compared to pre-pandemic levels. As shown in Figure 3, the Authority’s annual tourism revenues have also increased each year since fiscal year 2022.

**Figure 3: Fiscal years 2022 through 2025 tourism revenues**



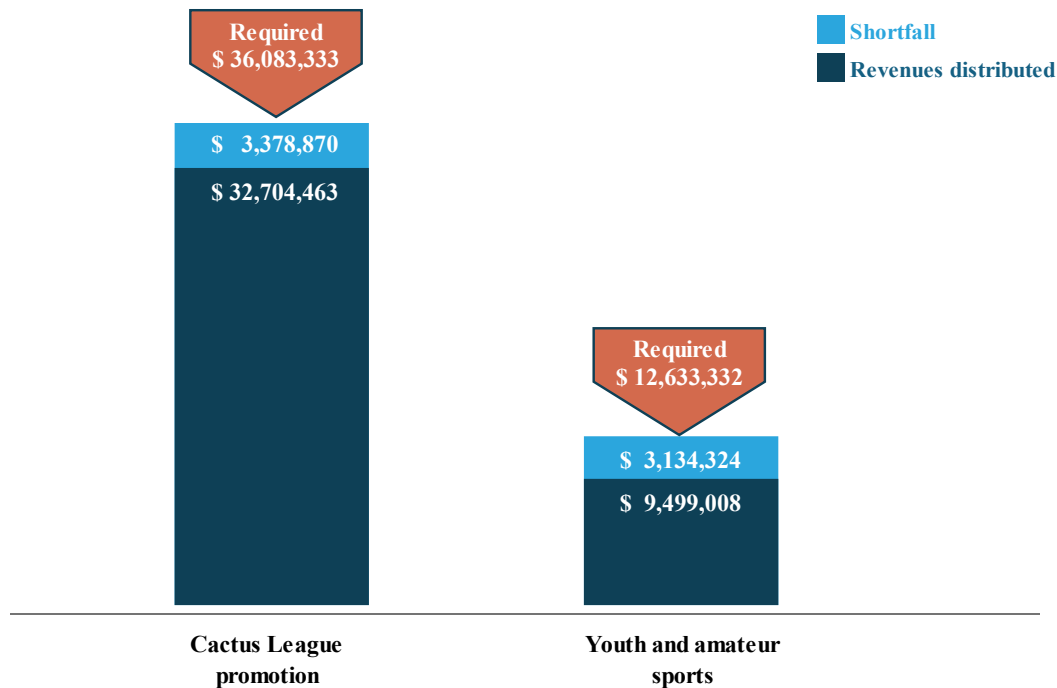
Source: Walker & Armstrong staff review of fiscal year 2022 through 2025 budget versus actual reports and general ledger details.

- **Despite increased tourism revenues since fiscal year 2022 , the Authority continued to receive insufficient revenues to meet statutorily required distribution amounts**—As travel resumed post-pandemic, the Authority experienced increased tourism revenues and distributions, but has consistently been unable to meet its required statutory distributions.<sup>36</sup> Despite the Authority distributing more than \$192 million in tourism revenues during fiscal years 2022 through 2025, the Authority had insufficient tourism revenues to distribute approximately \$6.5 million that was required by statute during this time frame. For example, although the Stadium bond obligations were fully paid and there was no impact to the Authority’s ability to operate, Cactus League promotion had a shortfall of more than \$3.3 million during this period.<sup>37</sup>

<sup>36</sup> Based on Walker & Armstrong staff review of the previous performance audits of the Authority issued by the Arizona Auditor General, the Authority has consistently been unable to meet its statutory distribution requirements from tourism revenues.

<sup>37</sup> If funds are sufficient to reach the 7th distribution priority (youth and amateur sports reserve), A.R.S. §5-835(B)(6) requires the Authority to distribute an amount equal to the prior fiscal year’s shortfall for youth and amateur sports reduced by any amount already held in the youth and amateur sports facilities reserve. However, there is no statutory requirement to make up distribution shortfalls in later periods for other priorities.

**Figure 4: Fiscal years 2022 through 2025 tourism distribution shortfalls**



Source: Walker & Armstrong staff review of statutes and fiscal year 2022 through 2025 revenue distribution documentation and general ledger details.

We identified 3 contributing factors of lower priority distributions sustaining proportionately larger shortfalls. Specifically:

- **Statute requires monthly distributions to be made in a specified order.**<sup>38</sup> The Authority is required to distribute amounts monthly according to priorities outlined in statute. Since tourism is seasonal, based on the weather, only some months generate revenue sufficient to distribute amounts to lower priorities whereas slower tourist months may only generate sufficient revenue to fund higher priorities such as Stadium bond obligations and tourism promotion.
- **Statute requires tourism revenue distributions to increase at specified intervals.** Based on projected annual increases in tourism revenues, statute requires tourism revenue distributions to increase at specified intervals. For example, the required annual distribution for tourism promotion increases by 5 percent each year; therefore, the fiscal year 2021 tourism promotion distribution amount was \$10.1 million while in fiscal year 2025, the required distribution amount increased to \$12.3 million. The statutorily established distribution amounts were based on revenue projections included in the Proposition 302 (November 2000) election materials.

<sup>38</sup> A.R.S. §5-835(B).

Those revenue projections included annual increases in car rental surcharge and hotel bed tax revenues for 30 years after the initial year of implementation (see Table 5). However, various factors, such as recessionary periods including the Great Recession and the COVID-19 pandemic, have affected whether tourism revenues have fallen below or exceeded these projections. For example, fiscal year 2022 hotel bed tax revenues based on projections should have been approximately \$36 million, but the Authority received only \$25.2 million in hotel bed tax revenues during that fiscal year. Although car rental surcharge tax revenues have consistently exceeded the projected increases as the Authority has received more than \$49 million of actual revenues in excess of the projections, hotel bed tax revenues have not exceeded the projections in any year after the first year of this tax. In fact, the hotel bed tax has generated approximately \$250 million less in revenues than projected through fiscal year 2025.

**Table 5: Projected car rental surcharge and hotel bed tax revenue increases**

| Years   | Projected annual revenue increase <sup>1</sup> |               |
|---------|------------------------------------------------|---------------|
|         | Car rental surcharge tax                       | Hotel bed tax |
| 1 - 10  | 5%                                             | 8%            |
| 11 - 20 | 5%                                             | 5%            |
| 21 - 30 | 3%                                             | 3%            |

<sup>1</sup> Each year the revenue is expected to increase by the rate presented in the table. For example, in years 1-10, hotel bed tax revenues are expected to increase by 8% each year.

Source: Arizona Secretary of State. (2000). Publicity Pamphlet: General election, November 7, 2000—Proposition 302 (Tourism and Sports Authority). State of Arizona.  
[https://ia601500.us.archive.org/27/items/PubPamp2000\\_201902/Pub%20Pamp%202000.pdf](https://ia601500.us.archive.org/27/items/PubPamp2000_201902/Pub%20Pamp%202000.pdf).

- **Authority staff did not consider exercising discretion to allocate less than the maximum tourism revenues permitted by statute for Stadium bond obligations.** As discussed in Questions 6 and 7, pages 26 through 28, the Authority’s process is to allocate the maximum amount allowed tourism revenue toward Stadium bond obligations, rather than Stadium-related revenue paying a higher portion of the obligation, so more statutory distribution requirements from tourism revenue for lower priority areas can be met.

## Question 4: Did the COVID-19 pandemic continue to negatively impact the Authority’s Stadium-related revenues and distributions in fiscal years 2022 through 2025?

As indicated in the Introduction (see pages 1 through 11), the Authority’s Stadium-related revenues are generated from a variety of sources, including State income taxes paid by the Cardinals and its players/employees and their spouses, sales tax recapture, Cardinals’ Stadium rent payments, and event revenues (see Figure 1, page 6). Similar to the trend with its tourism revenues and distributions, the Authority’s Stadium-related revenues and distributions have experienced increases in fiscal years 2022 through 2025. Specifically:

- **Authority Stadium-related revenues increased year-over-year since fiscal year 2022**—According to the Authority, much of its Stadium-related revenue depends on the number and type of events held at the Stadium, and attendance at those events. Although 2 of its Stadium-related revenues—State income taxes paid by the Cardinals and Cardinals’ rental payments—generally do not fluctuate, the remaining sources of Stadium-related revenues, including sales tax recapture and facility-use fees, are

dependent on the type and number of Stadium events and attendance at those events. After the Authority implemented efforts to resume operations during the COVID-19 pandemic, the Stadium had significant increases in Stadium-related revenues (see Appendix A, Table 8, page a-2).

- **Consistent revenue growth since fiscal year 2022 enabled the Authority to meet statutory distributions and establish reserves**—As shown in Figure 2, page 7, the Authority is required to distribute Stadium-related revenues to pay a portion of Stadium bond obligations and then use amounts for its operations. Stadium-related revenues have continued to increase since fiscal year 2022, resulting in monies in excess of the amounts required to pay Stadium bond obligations and Authority operations, which has allowed the Authority to grow its cash reserves (see Question 5, for more information on the Authority’s cash reserves).

## Question 5: Did the Authority receive sufficient revenues in fiscal years 2021 through 2025 to establish its statutorily required cash reserves?

The Authority received sufficient revenues to establish its statutorily required cash reserves by the end of fiscal year 2025 (see Introduction, pages 7 and 8, for more information on statutory requirements for cash reserves). Specifically, although the Authority has historically not generated sufficient revenues to accumulate the required reserve amounts, since fiscal year 2022, it experienced significant increases in Stadium-related revenues (see Tables 6 and 8, pages a-1 and a-2, respectively, for additional information on the Authority’s revenues). As a result, the Authority’s total revenues exceeded its total expenses by between \$24 million and \$38 million since fiscal year 2022 (see Table 4, page 10), and its fiscal year 2025 year-end operating cash balance was more than \$84.2 million, exceeding the Authority’s cash reserve requirement by approximately \$17.5 million.<sup>39</sup>

## Question 6: How is the Authority authorized to use monies that exceed its statutorily required cash reserves?

According to statute, monies in the Authority’s operating account, including its required reserves and any amounts exceeding these reserves, can be used to pay for the Authority’s operational expenses, including operating and maintaining the Stadium, and for the repair, replacement, and removal of the Stadium.<sup>40</sup>

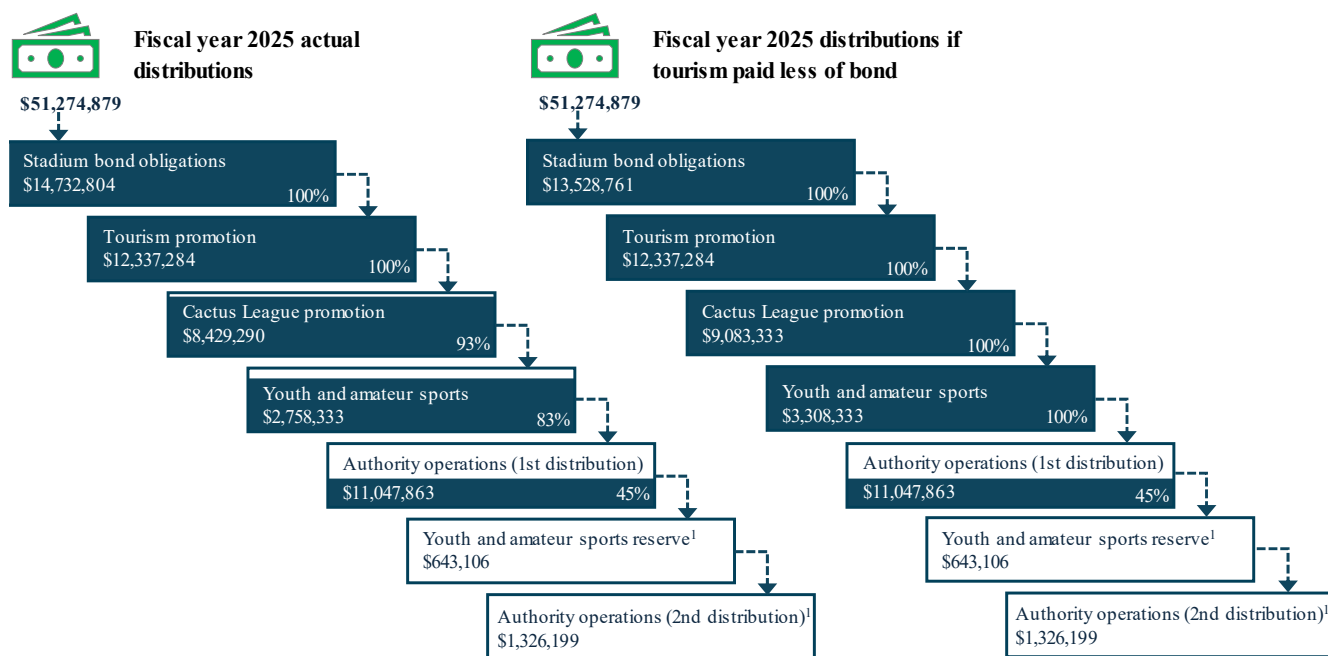
Additionally, the Authority can also use monies in its operating account to pay bond obligations, which would allow it to increase the amount of tourism revenues it distributes to priorities lower than its bond obligations. Specifically, although statute outlines a maximum amount of tourism revenues the Authority can distribute each month to pay for bond obligations, statute does not prohibit the Authority from distributing less than the maximum amount. As a result, the Authority could reduce the amount of tourism revenues it distributes to bond obligations in a given month and use monies in its operating account to pay for the remaining bond obligation amount during that month, thereby allowing it to use more of its tourism revenues for statutorily required distributions to tourism promotion, Cactus League promotion, and youth and amateur sports grants.

<sup>39</sup> As discussed in the Introduction (see pages 7 and 8), the Authority’s fiscal year 2025 required reserve amount was \$66.7 million, consisting of \$46.7 million for the Stadium repair, replacement, and removal reserve and \$20 million for the operations reserve.

<sup>40</sup> A.R.S. §5-836(C).

Utilizing this option could allow the Authority to come closer to meeting its statutorily required monthly distributions for the lower priorities outlined in Proposition 302 that Maricopa County voters approved—which it has historically not met, including providing financial support youth and amateur sports, and potentially provide benefits for Arizona residents. For example, in fiscal year 2025, the Authority’s tourism revenue distributions for Cactus League promotion and youth and amateur sports grants were \$1.2 million less than the statutorily required distributions. Had the Authority distributed an additional \$1.2 million of monies from its operation account to its bond obligations during fiscal year 2025, it could have met its statutorily required distributions for Cactus League promotion and youth and amateur sports, while still increasing its cash reserves by \$4.4 million (see Figure 5). These additional monies could help the Authority better meet community demand for youth and amateur sports grants. For example, our review of youth and amateur sports grant applications the Authority received for its fiscal year 2026 biennial funding cycle found that the Authority denied 26 of 74 biennial grant applications totaling approximately \$4.8 million in requested funding, because of insufficient funding.

**Figure 5: Fiscal year 2025 actual tourism distributions compared to distributions if the Authority had used less tourism revenues to pay Stadium bond obligations**



<sup>1</sup> Statute does not require a specified amount to be distributed to this distribution priority, therefore, no percentage is reported. See Question 3, page 24, for more information on the seasonality of the Authority’s revenues and distributions.

Source: Walker & Armstrong staff review of fiscal year 2025 revenue distribution documentation and general ledger details for actual distributions and Walker & Armstrong staff calculation of tourism distributions if the Authority had used less tourism revenues to pay Stadium bond obligations.

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

If the Authority’s future revenues and expenses are similar to fiscal years 2022 through 2025, the Authority will continue to receive Stadium-related revenues that exceed the amounts necessary to pay for its annual operating expenses and maintain its statutorily required reserves.



The Authority reported that if this scenario occurs, it will prioritize accumulating cash reserves in excess of its required reserve amounts instead of using monies in its operations account to pay for bond obligations to help meet its statutorily required and voter approved distributions to lower priorities such as youth and amateur sports, despite lacking a plan to justify this approach. Specifically, although Authority staff reported that monies in excess of its minimum required reserve amounts are necessary for future repair, replacement, and removal costs associated with the Stadium, the Authority lacks long-term projections of renovation needs or associated costs to demonstrate the need for continuing to accumulate excess reserves. Instead, although Stadium management has developed a 3-year plan outlining \$42.5 million in planned capital project costs for fiscal years 2026 through 2028, the Authority will likely be able to pay these costs without using its cash reserves. For example, \$11 million of these costs are already included in the Authority's budgeted fiscal year 2026 operational expenses. Additionally, if the Authority's revenues continue to exceed its expenses by the amounts seen since fiscal year 2022 (see Question 5, page 26, for more information), the Authority will most likely be able to pay for the remaining \$31.5 million in capital project costs in its 3-year plan without using any cash reserves. As of October 2025, Authority staff and Stadium management reported that they are in the process of contracting with a vendor to conduct a facility assessment to determine projected future Stadium repair and replacement costs.

Additionally, the Authority lacks policies and procedures to routinely evaluate its cash balances, cash reserve needs, and historical and projected revenues and expenses to determine the proportion of Stadium-related revenues that need to be distributed to its operating account, including reserves, and whether it could distribute a greater portion of Stadium-related revenues to Stadium bond obligations. Absent a process to routinely evaluate its cash reserve needs and projected revenues and expenses, the Authority lacks important information for determining if its decision not to use operating account monies to pay Stadium bond obligations and thus continue to not meet its statutorily required tourism distributions is appropriate.

### Recommendations to the Authority

- 11) Complete a facility assessment to determine projected future costs for Stadium repair and replacement.
- 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.
- 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: As outlined in its [response](#), the Authority agrees with the finding and will implement the recommendations.

# SUMMARY OF RECOMMENDATIONS

## Walker & Armstrong makes 13 recommendations to the Authority

### Recommendations to the Authority:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Finding 1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>12</b> |
| 1) Require the facility manager to verify concession revenues received in fiscal years 2021 through 2025 were accurate and complete.                                                                                                                                                                                                                                                                                                                                                                                                           | 14        |
| 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.                                                                                                                                                                                                                                                                                                                                                        | 14        |
| 3) Follow its policy to review event settlements monthly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 14        |
| 4) Conduct fiscal year 2025 event settlement reviews.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 15        |
| 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.                                                                                                                                                                                                                                                                                                                                                      | 15        |
| <b>Finding 2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>16</b> |
| 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. | 20        |
| 7) Follow its policy to maintain a special file to memorialize disclosures of substantial interest, as statutorily required.                                                                                                                                                                                                                                                                                                                                                                                                                   | 20        |
| 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.                                                                                                                                                                                                                                                                                         | 20        |
| 9) After revising its conflict-of-interest disclosure form, obtain updated disclosure forms from Board members and staff.                                                                                                                                                                                                                                                                                                                                                                                                                      | 20        |
| 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.                                                                                                                                                                                                                                                         | 20        |

## Question 7

27

- 11) Complete a facility assessment to determine projected future costs for Stadium repair and replacement. 28
- 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. 28
- 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. 28

# APPENDIX A

## Authority's revenues and distributions in fiscal years 2021 through 2025

This appendix presents tables showing the Authority's tourism and Stadium-related revenues and distributions made in fiscal years 2021 through 2025.

### Tourism revenues and distributions

**Table 6: Tourism revenues by source in fiscal years 2021 through 2025**

| Revenue (by source)  | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 | Totals                |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Hotel bed tax        | \$ 13,696,883        | \$ 25,185,674        | \$ 28,887,136        | \$ 28,263,941        | \$ 28,469,858        | \$ 124,503,492        |
| Car rental surcharge | 13,488,798           | 19,710,604           | 19,889,259           | 21,379,775           | 22,109,785           | 96,578,221            |
| <b>Total</b>         | <b>\$ 27,185,681</b> | <b>\$ 44,896,278</b> | <b>\$ 48,776,395</b> | <b>\$ 49,643,716</b> | <b>\$ 50,579,643</b> | <b>\$ 221,081,713</b> |

Source: Walker & Armstrong staff review of fiscal year 2021 through 2025 general ledger details.

**Table 7: Tourism distributions by priority in fiscal years 2021 through 2025**

| Distributions (by priority)                                | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 | Totals                |
|------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Stadium bond debt obligation                               | \$ 13,407,508        | \$ 14,184,927        | \$ 14,199,323        | \$ 14,217,315        | \$ 14,732,804        | \$ 70,741,877         |
| Tourism promotion                                          | 4,885,382            | 10,657,417           | 11,190,281           | 11,749,798           | 12,337,284           | 50,820,162            |
| Cactus League promotion                                    | 969,810              | 8,335,267            | 7,879,659            | 8,060,247            | 8,429,290            | 33,674,273            |
| Youth and amateur sports facilities                        | 250,000              | 2,047,305            | 2,250,252            | 2,443,118            | 2,758,333            | 9,749,008             |
| Authority operations (1st distribution)                    | 850,821              | 5,819,709            | 9,180,332            | 9,670,228            | 11,047,863           | 36,568,953            |
| Youth and amateur sports facilities reserve                | -                    | 394,588              | 758,333              | 525,000              | 643,106              | 2,321,027             |
| Authority operations (2nd distribution), including reserve | -                    | 1,560,007            | 3,351,510            | 2,347,863            | 1,326,200            | 8,585,580             |
| <b>Total</b>                                               | <b>\$ 20,363,521</b> | <b>\$ 42,999,220</b> | <b>\$ 48,809,690</b> | <b>\$ 49,013,569</b> | <b>\$ 51,274,880</b> | <b>\$ 212,460,880</b> |

Source: Walker & Armstrong staff review of fiscal year 2021 through 2025 general ledgers and revenue distribution documentation.

## Stadium-related revenues and distributions

**Table 8: Stadium-related revenues by source in fiscal years 2021 through 2025**

| Revenue (by source)          | 2021                 | 2022                 | 2023                  | 2024                  | 2025                  | Totals                |
|------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-football event-related   | \$ 6,419,463         | \$ 27,443,933        | \$ 109,566,037        | \$ 86,739,473         | \$ 82,061,731         | \$ 312,230,637        |
| Sales tax recapture          | 7,045,212            | 10,155,280           | 29,787,577            | 16,346,915            | 14,681,147            | 78,016,131            |
| NFL income tax               | 8,915,094            | 9,081,842            | 10,454,404            | 7,688,980             | 8,585,877             | 44,726,197            |
| Food and beverage commission | 394,802              | 2,184,849            | 6,668,920             | 9,009,069             | 4,281,076             | 22,538,716            |
| Facility-use fees            | 296,983              | 2,077,152            | 4,142,464             | 4,304,352             | 3,001,699             | 13,822,650            |
| Fiesta Bowl ticket use fees  | 8,194                | 251,295              | 383,131               | 269,057               | 363,395               | 1,275,072             |
| Cardinals rent payments      | 329,869              | 294,585              | 294,585               | 294,585               | 294,585               | 1,508,209             |
| Telecommunication fees       | 30,648               | 31,231               | 52,549                | 74,195                | 63,977                | 252,600               |
| <b>Total</b>                 | <b>\$ 23,440,265</b> | <b>\$ 51,520,167</b> | <b>\$ 161,349,667</b> | <b>\$ 124,726,626</b> | <b>\$ 113,333,487</b> | <b>\$ 474,370,212</b> |

Source: Walker & Armstrong staff review of fiscal year 2021 through 2025 general ledger details.

**Table 9: Stadium-related distributions by priority in fiscal years 2021 through 2025**

| Distributions (by priority)  | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 | Totals                |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Stadium bond debt obligation | \$ 9,368,852         | \$ 8,740,229         | \$ 8,128,791         | \$ 8,139,091         | \$ 8,434,196         | \$ 42,811,159         |
| Authority operations         | 3,539,823            | 16,207,508           | 25,672,004           | 28,935,491           | 27,190,593           | 101,545,419           |
| <b>Total</b>                 | <b>\$ 12,908,675</b> | <b>\$ 24,947,737</b> | <b>\$ 33,800,795</b> | <b>\$ 37,074,582</b> | <b>\$ 35,624,789</b> | <b>\$ 144,356,578</b> |

Source: Walker & Armstrong staff review of fiscal year 2021 through 2025 general ledgers and revenue distribution documentation.

## Objectives, scope and methodology

Walker and Armstrong, LLP has conducted this performance audit of the Authority, on behalf of the Arizona Auditor General, pursuant to A.R.S. §5-812, which requires a performance audit of the Authority every 5 years.

We used various methods to address the audit’s objectives. These methods included reviewing applicable State laws; reviewing information obtained from Authority staff and the Authority’s website such as meeting minutes; interviewing Authority staff; attending several Authority facility management and Board meetings; and reviewing previous Arizona Auditor General performance audits of the Authority (reports 09-04, 15-107 and 20-111). In addition, we performed work to verify the accuracy of financial data provided by the Authority, including the Authority’s and the Stadium’s general ledgers. For example, we reconciled the Authority’s fiscal years 2021 through 2024 general ledgers to its fiscal years 2021 through 2024 financial statements audited by an independent certified public accounting firm and reconciled the fiscal year 2025 general ledger to the Authority’s fiscal year June 30, 2025, bank statements or bank statement reconciliations, as appropriate, for its 5 largest bank account balances, representing approximately 93.7 percent of the June 30, 2025, cash balance. We also used the following additional methods to meet the audit’s objectives:

- To determine whether the Authority had sufficient revenues to cover its statutorily designated priorities and properly distributed revenues, we reviewed statute and various financial documents. Specifically, we determined the fiscal years 2021 through 2025 statutorily designated priorities and operating reserve requirements by reviewing A.R.S. §§5-834, 5-835, and 5-836 and the Authority’s fiscal years 2021 through 2025 *Annual Financial Budget* reports and we reviewed the Authority’s debt obligation agreements. We then compared these amounts to actual amounts distributed as documented in its fiscal years 2021 through 2025 monthly tourism and Stadium-related revenue distribution documents, and verified that the distribution documents were reflected in the general ledger detail for fiscal years 2021 through 2025. Additionally, to determine the difference between projected tourism revenues and actual tourism revenues, we examined the Proposition 302 publicity pamphlet from November 2000 and recalculated the estimated annual increases in tourism revenue.
- To evaluate the impact of the COVID-19 pandemic on the Authority’s revenue and the extent to which it has considered and prepared for potential shortfalls and resuming Stadium operations and events, we reviewed the Authority’s policies and procedures for resuming full operations of the facility after the COVID-19 pandemic closure compared to the COVID-19 pandemic-related guidance documents from the Centers for Disease Control and Prevention, the Arizona Department of Health Services, and the Arizona Governor’s Office. We also reviewed the Authority’s fiscal year 2026 budget and projections, conducted interviews, and attended Board meetings related to its budget and projections. Finally, we reviewed the Authority’s bond documents and obtained information from the Authority regarding risks if it were to default on its bond payments.



- To assess the Authority’s oversight and monitoring processes of its facility management contractor’s performance and compliance with its 2016 agreement and 2021 amendments related to financial, Stadium maintenance, and marketing requirements, we reviewed and analyzed the Authority’s 2016 facility management agreement and 2021 amendment; recommended practices for contract oversight and federal internal control standards; internal Authority documents received from its facility manager such as its monthly financial statements, American Institute of Certified Public Accountants auditing standards, the Arizona Corporation Commission website, Stadium operations reports, and scheduled/completed preventative maintenance reports; and the 2005 Cardinals Use Agreement between the team and the Authority. Additionally, we attended monthly update meetings with facility management officials and Authority personnel.
- To assess the Authority’s compliance with State conflict-of-interest requirements and best practices, we evaluated whether the Authority’s conflict-of-interest practices complied with State conflict-of-interest statutes (A.R.S. §§5-811 and 38-501 et. seq) and recommended practices by: reviewing the Authority’s policies, procedures, and processes for ensuring the Authority complied with the State’s conflict-of-interest statutes and recommended practices; reviewing the Authority’s compliance with State conflict-of-interest requirements and its policies and procedures by reviewing employee/Board member conflict-of-interest disclosure forms for 2024; reviewing Board meeting minutes for fiscal years 2021 and 2024; and observing Board meetings held in May 2025 and June 2025, to observe the Authority’s process during meetings.

Our work on internal controls encompassed activities related to all internal control components and included reviewing procedures, interviewing Authority staff, attending Authority staff and Board meetings, observing processes, and assessing compliance with statutory requirements.<sup>41</sup> We reported our conclusions on internal controls in Findings 1 and 2 (see pages 12 through 20).

We conducted this performance audit of the Authority in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to the Authority’s Board, chief executive officer, and staff for their cooperation and assistance throughout the audit.

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<sup>41</sup> We determined that information system controls were not significant to our audit objectives.

# AUTHORITY RESPONSE

November 3, 2025

Ms. Lisa S. Parke, CPA  
Audit & Assurance Partner  
Walker & Armstrong LLP  
1850 N. Central Ave., Ste. 400  
Phoenix, AZ 85004

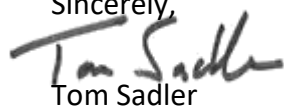
RE: 2025 Performance Audit of the Arizona Sports and Tourism Authority

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.

