Basic Financial Statements
June 30, 2013 and 2012

ARIZONA SPORTS & TOURISM AUTHORITY

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Arizona Sports and Tourism Authority
Glendale, Arizona

Report on the Financial Statements
We have audited the accompanying financial statements of Arizona Sports and Tourism Authority, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arizona Sports and Tourism Authority as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Correction of Error
As discussed in Note 15 to the financial statements, there was an error resulting in overstatement of an amount previously reported for total liabilities and understatement of net position of June 30, 2012, were discovered by management of the Authority during the current year. Accordingly, amounts reported for these accounts have been restated in the 2012 financial statements now presented, and an adjustment has been made to net position as of July 1, 2011, to correct the error. Our opinion is not modified with respect to this matter.

Eide Bailly LLP

Phoenix, Arizona
October 31, 2013

The following is management's discussion and analysis of the financial performance of Arizona Sports and Tourism Authority (the Authority). It provides an overview of the Authority's financial activities and financial condition for the year and should be read in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

Using the Financial Statements

As a business-type activity, the Authority's annual financial reporting includes the basic financial statements and accompanying notes for enterprise funds. The Authority reports on a fiscal year basis.

- Statements of net position summarize the Authority's current and long-term obligations (liabilities) and the assets available to meet those obligations. The difference between total assets and total liabilities represents the Authority's net position.

- The Authority's total net position as of June 30, 2013 decreased $2,029,987 or a decrease of 7.74 percent as compared to 2012-restated numbers. Current Assets increased $7,621,378 or 22.14 percent. Capital Assets decreased by $14,572,450 or a 3.7 percent decrease.

- The Authority's total net position as of June 30, 2012 decreased by $17,991,625 or 108.3 percent as compared to 2011. Current Assets decreased $3,889,122 or 10.15 percent. Capital Assets decreased by $13,211,913, or 3.24 percent.

- Total liabilities as of June 30, 2013 decreased a total of $5,224,822 as compared to 2012. Current liabilities increased $2,314,626 or 15.67 percent. There was a decrease in non-current liabilities of $7,539,448 or 1.68 percent. The Authority took advantage of the low fixed interest rates for municipal bonds, and refunded the subordinate bonds debt service with a 2013A refunding bond issue ($12,548,000 par value): The remaining outstanding bonds from the 2003 subordinate bonds (original $32,400,000 par value) were refunded.

- Total liabilities as of June 30, 2012 decreased a total of $143,033 as compared to 2011. Current liabilities experienced a decrease of $2,321,574 or 12.63 percent. There was an increase in non-current liabilities by $2,178,541 or 0.48 percent. The Authority took advantage of the low fixed interest rates for municipal bonds, and refunded the majority of the senior debt service with a 2012A refunding bond issue ($176,740,000 par value): the 2003A (original par value of $125,690,000) and the 2005A (original par value of $53,050,000) senior bonds were refunded.

- Statements of revenues, expenses and changes in net position summarize the Authority's operating and non-operating expenses for the year and the revenues that were available to cover those expenses, as well as changes in net position.

- From 2012 to 2013, the change in net position decreased by $2,029,987 or 7.74 percent. This is attributable to normal operating and non-operating conditions with the Authority. Operating Revenues were higher in 2013 by $1,174,721 or 12.67 percent as compared to 2012. Operating Expenses increased by $2,414,938 or 7.47 percent in 2013. Year-over-year, the net operating loss increased by $1,240,217 or 5.38 percent as compared to 2012.

- Overall, from 2011 to 2012 net position decreased by $17,991,625 or 108.28 percent. This is attributable to normal operating and non-operating conditions with the Authority. Operating Revenues were higher in 2012 by $1,832,934 or 24.63 percent as compared to 2011. Operating Expenses decreased by $589,825 or 1.79 percent in 2012 as compared to 2011. Year-over-year, the net operating loss decreased by $2,442,759 or 9.51 percent as compared to 2011.

- Statements of cash flows summarize the Authority's uses of cash during the year and the sources of cash available to finance those uses. Statements of cash flows, as cash based statements, include reconciliations to the statements of revenues, expenses and changes in net position, which are prepared on an accrual basis.

- For the fiscal year ended June 30, 2013, the Authority realized an overall net increase in cash and cash equivalents at the end of the year of $7,273,080 or 29.3 percent. Cash used in operating activities increased by $597,711 or 6.46 percent, based on stadium operations. Cash provided by non-capital financing activities was $23,142,829, or $13,692,868 better than in 2012. Two main components of that change were an increase in tourism revenue receipts of $5,701,415 and a reduction of cash paid for interest of $6,212,878. Cash paid for capital additions increased $68,529 for the investment in IT infrastructure. Cash paid on bond principal increased $575,000 in 2013 compared to 2012. The year also included the refunding bond issue for subordinate bonds ($12,485,000 par value and the defeasement of $13,060,000 of the 2003 series subordinate bonds outstanding).

- For the fiscal year ended June 30, 2012, the Authority realized an overall net decrease in cash and cash equivalents at the end of the year of $4,764,162. Cash used in non-capital and related financing activities was $4,971,904 which was a decrease from 2011 by 379,704 or 7.10 percent.

THE AUTHORITY'S FINANCIAL ACTIVITIES

The Authority accounts for its financial activities in conformity with accounting principles generally accepted in the United States as applicable to a government "enterprise fund." This accounting treatment applies because the Authority's activities are primarily business-like in nature. Under enterprise fund accounting, the Authority is a single accounting entity for financial reporting purposes. However, within this single accounting entity the Authority has identified a number of financial activities that it tracks separately as is required by Arizona Revised Statute or existing bond indenture documents. These financial activities are referred to as "accounts." These accounts are as follows: Tourism Revenue Clearing Account, Facility Revenue Clearing Account, Senior and Subordinate Bond Debt Service Accounts, Tourism Promotion Account, Cactus League Account, Youth and Amateur Sports Account, and Operating General Account. The use of the term "account" for these separate activities does not have any particular accounting significance. The Authority is not required to and does not publish separate financial statements for any of the individual accounts.

- Tourism Revenue Clearing Account collects the tourism tax revenues for the hotel bed tax and the car rental surcharge and then disburses those funds, in order of priority, to the debt service account, the Tourism account, the Cactus League account, Youth and Amateur Sports account, Authority general account to over the stadium operating budget (including the University of Phoenix Stadium) and the reserve accounts for Youth and Amateur Sports, Operations, and Capital Repair and Replacement.

- Facility Revenue Clearing Account collects the revenues related to the NFL franchise income tax revenues and those revenues directly related to the operation of the Stadium: state and local sales tax recapture, rent from the Arizona Cardinals (the Cardinals), facility use fees, food and beverage commissions, ticket surcharges for the Fiesta Bowl and all other event revenues held at the Stadium. These funds are then disbursed for debt service requirements on senior and subordinate bonds. Any remaining funds go to the operations account.

- Senior and Subordinate Bond Debt Service Accounts represent that portion of the Authority's pledged revenues used for the repayment of principal and interest related to the Authority's senior and subordinate bond issues.

- Tourism Promotion Account represents the activities related to providing funding for tourism promotion within Maricopa County.

- Cactus League Account represents the activities of financing new construction and renovations for spring training baseball facilities within Maricopa County.

- Youth and Amateur Sports Account represents those activities related to the promotion and financing of amateur sports projects and programs within Maricopa County.

- Operating General Account represents the Authority's primary aggregating and disbursement account for its operations, which includes the operating expenses of the University of Phoenix Stadium.

Please refer to the notes to the financial statements for additional information on these accounts.

COMPARATIVE ANALYSIS – FINANCIAL STATEMENTS

Overview of the Financial Statements and Financial Analysis

There are three financial statements presented for the reader: Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows.

Statements of Net Position

The Authority's Statements of Net Position presents the following condensed assets, liabilities, and net position as of June 30, 2013, and 2012. The Statements of Net Position are to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

The purpose of the Statements of Net Position is to show the user what is available for future needs of the Authority. The user, from the information presented, is able to determine the assets available for the continuing operations of the Authority. The user is able to determine what cash and cash equivalents are available and amounts owed to and by the Authority.

Total assets decreased by $7,254,809 or 1.66 percent between fiscal years ended June 30, 2013 and 2012. This change is the result of an increase of current assets of $7,621,378 or 22.14%. The balance of capital assets, decreased by $14,572,450; which is primarily the annual depreciation expense of $14,643,989.

	June 30		
	2013	2012	2011
Assets			
Current assets	$ 42,038,139	$ 34,416,761	$ 37,692,453
Capital assets non-depreciable	2,773,165	2,773,165	2,773,165
Capital assets depreciable, net	379,416,778	393,989,228	423,942,727
Other noncurrent assets	6,167,806	6,471,543	7,853,439
Total assets	$ 430,395,888	$ 437,650,697	$ 472,261,784
Liabilities			
Current liabilities	17,081,045	14,766,419	15,739,429
Noncurrent liabilities	441,588,575	449,128,023	454,942,154
Total liabilities	458,669,620	463,894,442	470,681,583
Net Assets			
Invested in capital assets, net of related debt	88,799,130	96,949,579	145,895,828
Unrestricted	(117,072,862)	(123,193,324)	(144,315,627)
Total net assets	(28,273,732)	(26,243,745)	1,580,201
Total liabilities and net assets	$ 430,395,888	$ 437,650,697	$ 472,261,784

Total assets decreased by $18,134,658 or 4.00 percent between fiscal years ended June 30, 2012 and 2011. This change is the result of a net decrease of $13,211,913 in the value of capital assets, depreciable, which includes the annual depreciation expense of $14,828,905, completion of the restoration of the damage to the stadium of $1,878,250, and an additional $264,268 in impairment expenses which accounts for the total change of $1,613,982 after depreciation expense. Additionally, current assets decreased by $3,889,192 or 10.20 percent, consisting of $4,764,162 in cash and cash equivalents accounts and a reduction of $1,613,982 specific to the insurance receivable account relating to the damages sustained by the Stadium in a storm in August 2010.

Total liabilities for fiscal year 2013 decreased by $5,224,822 or 1.13 percent from 2012. Current liabilities increased $2,314,626 or 15.67 percent as compared to 2012. This is due in part to reductions in accounts payable of $687,701, a decrease in youth and amateur sports grants payable by $940,399, an increase in Cactus League payable of $2,792,716, as compared to 2012. Non-current liabilities decreased by $7,539,448 as compared to 2012. The decrease was significantly attributable a portion of Cactus League IGA's becoming payable within one year from the financial statement date resulting in reclassification to current liabilities from long term liabilities. Additionally there was a reduction of bond principal and premiums payable of $4,820,738 or 1.61 percent when compared to 2012 due to payments and the refunding actions of 2012 and 2013.

Overall, the Authority's total net position as of June 30, 2013 decreased a total of $2,029,987 as compared to 2012.

Statements of Revenues, Expenses, and Changes in Net Position

The change to Net Position as seen on the Statement of Net Position is based on the activity that is presented on the Statement of Revenues, Expenses and Changes in Net Position. The presentation of the Statement reflects the revenues and expenses for the Authority during the years ended June 30, 2013, 2012, and 2010. The reader will see the revenues and expenses broken down into operating and non-operating categories.

	Year Ended June 30		
	2013	2012	2011
Operating revenues	$ 10,449,813	$ 9,275,092	$ 23,237,730
Operating expenses	(34,749,710)	(32,334,772)	(45,742,221)
Operating loss	(24,299,897)	(23,059,680)	(22,504,491)
Net nonoperating revenues	22,269,910	5,467,362	5,860,322
Decrease in net position	(2,029,987)	(17,592,318)	(16,644,169)
Net position, beginning of year as previously reported		(16,615,743)	
Correction of an error		7,964,316	
Net position, beginning of year as restated	(26,243,745)	(8,651,427)	18,224,370
Decrease in net position	(2,029,987)	(17,592,318)	(16,644,169)
Net position, end of year	$ (28,273,732)	$ (26,243,745)	$ 1,580,201

Overall, the Authority's Change in Net Position as of June 30, 2013 decreased by $2,029,987 as compared to 2012. This is attributable to relatively normal operating and the non-operating conditions explained below and in the notes to the financials.

For fiscal year 2013, the Authority recorded $22,269,910 in net non-operating revenues, an increase of $16,802,548 over 2012. The events accounting for this net year-to-year positive result are as follows:

- The Authority's tourism-based tax revenues consist of two components: the hotel bed tax and the rental car tax surcharge. Hotel bed taxes increased from 2012 to 2013 by $141,203 or 1.10 percent. Rental car tax surcharge taxes increased $5,104,018 or 51.52 percent. This included an incremental $2,600,000 adjustment received in the September 2012 rental car surcharge tax revenue receipts from the AZ Department of Revenue. On a total tourism revenue basis, tourism revenues increased $5,245,221 or 52.6 percent year-to-year, when comparing 2013 and 2012. This may be an indicator that the tourism industry within Maricopa County is starting to recover, albeit slowly, from the economic recession. The tourism industry in Arizona is the state's leading industry sector. We believe that we have seen a bottoming-out of the tourism-based tax collections and anticipate 2014 will be slightly up when compared to 2012 and 2013. We continue to forecast that it may take another four to five years before we are back to 2007 levels of tax collections in tourism revenues. This is well below the original 30-year tourism revenue forecast for the Authority.

- The Authority's tourism-based tax revenues consist of two components: the hotel bed tax and the rental car tax surcharge. Hotel bed taxes increased from 2011 to 2012 by $673,249 or 5.51 percent. Rental car tax surcharge increased $752,845 or 8.22 percent. On a total tourism revenue basis, tourism revenues increased year-to-year, when comparing 2012 and 2011. The increase was $1,426,094 or 6.67 percent. This may be an indicator that the tourism industry within Maricopa County is starting to recover, albeit slowly, from the economic recession. The tourism industry in Arizona is the state's leading industry sector. We believe that we have seen a bottoming-out of the Tourism-based tax collections and anticipate 2013 will be slightly up when compared to 2012. We continue to forecast that it may take another four to five years before we are back to 2007 level of tax collections in tourism revenues. This is well below the original 30-year tourism revenue forecast for the Authority.

- The Authority experienced a decrease in the NFL income taxes of $830,573 or 13.5 percent as compared to 2012. This decrease is attributed to prior year income taxes paid to the Arizona Department of Revenue. Since the start of fiscal year 2008, the Authority has not had the benefit of this revenue source meeting the guaranteed minimum, as that guarantee was repealed by the state legislative and executive branches. The elimination of this guarantee leaves only the actual income taxes for the Authority. Note: This source has been under-performing since the Authority's second year of operations when compared to the original Proposition 302 projections. This revenue source is related to the state income tax liability of the Cardinals' organization: their personnel: including administrative, coaches, and players.

- The Authority experienced an increase in the NFL income taxes of $358,048 or 6.16 percent for 2012 as compared to 2011. This increase is attributed to prior year income taxes paid to the Arizona Department of Revenue. Since the start of fiscal year 2008, the Authority has not had the benefit of this revenue source meeting the guaranteed minimum, as that was repealed by the state legislative and executive branches. The elimination of this guarantee leaves only the actual income taxes for the Authority. Note: This source has been under-performing since the Authority's second year of operations when compared to the original Proposition 302 projections. This revenue source is related to the state income tax liability of the Cardinals' organization: their personnel: both administrative and players.

- The Authority's sales tax recapture revenues increased by $286,000 or 3.38 percent more than 2012. The primary reason for this increase is related to the composition of the events held at the stadium, which generated additional sales tax recapture revenues when compared to 2012. The Authority receives both state and local sales tax recapture revenues from all related taxable transactions for events held at the University of Phoenix Stadium.

- The Authority's sales tax recapture revenues increased by $1,623,099 or 23.76 percent more than 2011. The primary reason for this increase is related to the composition of the events held at the stadium, which generated additional sales tax recapture revenues when compared to 2011. The Authority receives both state and local sales tax recapture revenues from all related taxable transactions for events held at the University of Phoenix Stadium.

- The Authority recorded $50,257 in expenses related to its quick and program grant program. The Authority distributes money to support youth and amateur sports projects in Maricopa County. The grant applicants must meet the program requirement and the funds are distributed on a reimbursement basis. Further, the Authority has chosen to use a biennial grant cycle in order to accumulate more funds in the youth and amateur sports fund, thus allowing for a bigger, positive impact in the community every two years.

- The Authority recorded $1,268,714 in expenses related to its 2012 Biennial grants. The Authority distributed $582,506 related to Youth and Amateur sports projects from 2010. The Authority has chosen to use a biennial cycle in order to accumulate more funds in the Youth and Amateur sports fund, thus allowing for a bigger, positive impact in the community every 2 years.

- The distribution to the Arizona Office of Tourism decreased by $140,210 or 2.18 percent compared to 2012. However, in 2013 the Authority was able to make 100% of the statutory distribution dollars due to the Arizona Office of Tourism. This was driven by the increase in total Tourism tax revenues received in 2013. This at-statutory distribution is expected to continue throughout the foreseeable future, as shown in the Authority's annual budgeting process.

- The distribution to the Arizona Office of Tourism increased by $817,725 or 14.54 percent in 2012 compared to 2011. This year the Authority was less than 1.2% from making 100% of the statutory distribution dollars due to the Arizona Office of Tourism. This is driven by the increase in total Tourism tax collections. This at-statutory distribution is expected to continue throughout the foreseeable future, as shown in the Authority's annual budgeting process.

- Interest expense decreased by $6,857,469 or 33.6 percent as compared to 2012. The Authority experienced a decrease in the interest rates paid on its senior bonds via the Authority's 2012A refunding bonds issued in late 2012 and the 2013 refunding subordinate bond issued. These actions were executed to take advantage of the unprecedented low municipal bond interest rates and to reduce the bond debt service interest rates. Additionally, in 2013, the Authority determined that it is more likely than not that the Cactus League project costs may not be paid in total due to the uncertain pledged revenue streams and scheduled dissolution of the Authority in 2031. Thus, the Authority has stopped accruing estimated future project costs until such time as they become more likely than not to be paid. The decrease in interest expense attributable to this change in estimate is approximately $3,400,000 when compared to 2012.

- Interest expense decreased by $1,140,973 or 5.20 percent in 2012 as compared to 2011. The Authority experienced a significant decrease in the weighted average interest rates paid on its variable rate bonds and the Authority took advantage of the unprecedented low municipal bond interest rates to refund the majority of the senior bond debt to lower interest rates with the issue of the 2012A refunding bonds. However, the decrease of bond interest expense on senior bond debt service was partially offset by the additional interest expense accruing for the Cactus League projects (MLB Spring Training facilities) in Goodyear and Glendale.

Statements of Cash Flow

	Year Ended June 30		
	2013	2012	2011
Cash (Used In) Provided By			
Operating activities	$ (9,852,373)	$ (9,254,662)	$ (9,394,127)
Noncapital financing activities	23,142,829	9,449,961	13,690,428
Capital and related financing activities	(6,033,289)	(4,971,904)	(3,770,000)
Investing activities	15,913	12,443	29,968
Net increase (decrease) in cash and cash equivalents	7,273,080	(4,764,162)	556,269
Cash and cash equivalents, beginning of year	28,073,642	32,837,804	30,701,830
Cash and cash equivalents, end of year	$ 35,346,722	$ 28,073,642	$ 31,258,099

For the fiscal year ended June 30, 2013, the Authority realized an overall net increase in cash and cash equivalents of $7,273,080. This change is attributed to the following components:

- Cash used in operating activities increased $597,711 year over year.

- Cash provided by non-capital financing activities increased by $13,692,868. Cash paid for interest decreased by $6,212,878 or 37 percent as compared to 2012. Tourism revenue receipts increased by $5,701,415. Payments made to Tourism, YAS, and Cactus League were reduced by $955,044 year-to year.

- Cash used in capital and related financing increased by $1,061,385 in 2013.

For the fiscal year ended June 30, 2013, the Authority realized an overall net increase in cash and cash equivalents of $7,273,080. This change is attributed primarily to the Authority's capital financing activities in 2012, when the Authority took advantage of low municipal bond interest rates and refunded the senior debt service via the issue of 2012A refunding bonds in the par value amount of $174,760,000.

The non-capital financing activities experienced a net decrease of $379,904 in 2012 as compared to 2011. This was attributable to the increase in total dollars distributed to the Arizona Office of Tourism, Youth and Amateur Sports, Cactus League, and higher interest payments made in 2012 vs. 2011.

Capital Assets and Debt Administration (Note 6)
The Authority had no significant additions to capital assets during fiscal year 2013 and 2012.

Debt Obligations (Note 9)
The Authority's debt obligations changed in 2013 due to the previously mentioned issue of 2012A refunding bonds in the amount of $176,740,000 and the issue of 2013A refunding subordinate bonds in the amount of $12,485,000. With this bond issue, the Authority defeased $13,060,000 in outstanding subordinate debt service for the 2003 series fixed rate debt service for 2013 including $6,125,000 in principal reduction and an estimated $10,360,649 in interest expense.

The Authority's debt obligations changed in 2012 due to the previously mentioned issue of 2012A refunding bonds in the amount of $176,740,000. With this bond issue, the Authority defeased $128,000,000 in outstanding senior debt service for the 2003A Series and another $53,000,000 in outstanding variable debt service for the 2005A Series. Fixed rate debt service for 2012 included $2,600,000 in principal reduction and $10,700,000 in interest expense. The Authority previously held an interest rate swap agreement (SWAP) in place to manage interest rate expense on the variable rate debt. During 2012, payments and receipts on this resulted in a net payment of $0.16 million. Due to the bond market dynamics, this SWAP was terminated in the 2012A refunding bond issue.

The Fair Market Value of the SWAP (as disclosed in the financial statements) at the time of the 2012A bond issue was a liability value of $9.878 million. Note, the current market value was determined and validated at the time of the bond issue by an independent third-party.

Since 2010, the Authority has maintained a Letter of Credit (LOC) with BBVA Compass Bank to lower the rate that the Authority is paying closer to the market index. Due to further degradation in the market, this LOC was terminated at the time of 2012A refunding bond issue. The cost of termination of this LOC was approximately $250,000.

The Authority remains in compliance with all of its debt covenants throughout the fiscal year and anticipates no problems for covenants in the upcoming fiscal year.

Economic Factors and Next Fiscal Year Budget
There is forecasted improvement from 2013 and into 2014, although there is no precise way to determine whether or not this is to be permanent in nature. For 2013, we continued to experience a slight increase in our primary revenues – Tourism Revenues. There are projected decreases in several of our facility-related revenues tied to having limited mega-events in 2014. We continue to forecast a series of operating deficits both in the near-term and the long-term. Economic conditions, both nationally and locally, have continued to contribute to the previous downturn and now slow recovery in the Authority's primary source of revenues – Tourism Revenues. The Authority anticipates that its current operating cash reserves will continue to be adequate to fund operation throughout the ensuing two years.

In October 2011, the National Football League announced that Glendale Arizona will host Super Bowl XLIX in 2015. This will be the third Super Bowl awarded to Arizona, and the second Super Bowl to be played at the University of Phoenix Stadium. It has been estimated that a greater than $500 million economic impact was generated for Arizona in 2008, when the Super Bowl was last played in Glendale.

Tourism Revenue Distribution

In 2000, the Arizona Legislators passed Arizona Revised Statutes Title 5 – Chapter 8. This legislation provides the authority to the Arizona Sports and Tourism Authority to distribute funds collected through hotel bed tax and car rental surcharges to pay for the priorities outlined in the statute. Those priorities are:

1) Senior bonds held by the Authority for the purpose of funding the multi-purpose stadium (University of Phoenix Stadium)
2) Tourism promotion for Maricopa County
3) Cactus League Stadium renovations and new facilities
4) Youth and Amateur Sports (YAS) Grants
5) Operations at the University of Phoenix Stadium
6) Reserves for YAS, Operations, Capital and Repair

The legislation also provided limits on the distribution to Tourism, Cactus League, and YAS on a monthly basis. The Authority follows a "waterfall" approach to distributing to each priority during each month of a fiscal year as defined within the statute. During 2013, the Authority's receipts of Tourism taxes did not meet the necessary amount to distribute down the entire waterfall during every month for Tourism, Cactus League, and YAS. This resulted in each of those priorities receiving only a portion of the total projected for the fiscal year.

While Tourism taxes began to recover in 2013, the Authority projects that it will not receive enough Tourism receipts during every month to make the entire "waterfall" distribution in 2014, 2015, 2016, 2017, 2018, and into 2019.

Requests for Information

This financial report is designed to provide a general overview of the Arizona Sports and Tourism Authority's finances for all interested parties. Requests for additional information may be made by contacting us at Arizona Sports and Tourism Authority, 1 Cardinals Drive, Glendale, Arizona 85305 Attn: Finance Department. Additional information on the Authority's finances may be found on our website, www.az-sta.com, under the Archives section.

	2013	2012 As restated
Assets		
Current Assets		
Cash and cash equivalents - restricted	$ 32,103,989	$ 24,831,273
Cash and cash equivalents - restricted for subordinate bond reserve	3,242,733	3,242,369
Accounts receivable - restricted, net of allowance for doubtful accounts	6,654,663	6,288,515
Other assets	36,754	54,604
Total current assets	42,038,139	34,416,761
Noncurrent Assets		
Capital assets non-depreciable	2,773,165	2,773,165
Capital assets depreciable, net	379,416,778	393,989,228
Deferred bond issue costs, net	6,167,806	6,471,543
Total noncurrent assets	388,357,749	403,233,936
Total assets	$ 430,395,888	$ 437,650,697
Liabilities		
Current Liabilities		
Accounts payable	$ 867,822	$ 1,555,523
Accrued expenses	1,592,719	1,319,944
Payable to City of Avondale	8,044	328,533
Youth and amateur sports grants payable	26,908	967,307
Cactus League payable	3,132,716	340,000
Bond principal payable	4,220,000	6,125,000
Bond interest payable	6,699,146	3,297,565
Deferred revenue	533,690	832,547
Total current liabilities	17,081,045	14,766,419
Noncurrent Liabilities		
Deferred revenue	250,000	500,000
Cactus League Payable	145,999,956	148,468,666
Bonds principal and premiums payable	295,338,619	300,159,357
Total noncurrent liabilities	441,588,575	449,128,023
Total liabilities	458,669,620	463,894,442
Net Position		
Net investment in capital assets	88,799,130	96,949,579
Unrestricted	(117,072,862)	(123,193,324)
Total net position	(28,273,732)	(26,243,745)
Total liabilities and net position	$ 430,395,888	$ 437,650,697

	2013	2012 As Restated
Operating Revenues		
Stadium operating revenues	$ 8,734,258	$ 6,738,552
Facility and ticket use fee	912,014	1,832,952
Concession revenues	785,222	700,003
Other operating income	18,319	3,585
Total operating revenues	10,449,813	9,275,092
Operating Expenses		
Stadium management operations	18,395,900	15,211,565
Legal	269,121	201,399
Payroll	498,958	440,240
Professional fees	205,200	153,525
Marketing and promotion	16,574	34,435
Bank management and service fees	23,997	112,872
Insurance	62,501	59,163
Travel	12,323	10,574
Meetings	5,160	2,967
Office	22,571	61,483
Communications	21,431	18,572
Depreciation	14,643,989	14,828,905
Amortization of deferred bond issue costs	571,985	553,685
Remarketing and liquidity fees	-	645,387
Total operating expenses	34,749,710	32,334,772
Operating Loss	(24,299,897)	(23,059,680)
Nonoperating Revenues (Expenses)		
Arizona tourism distribution	(6,299,750)	(6,439,960)
Youth and amateur sports grant awards	(43,435)	(1,268,714)
Hotel bed tax	13,035,111	12,893,908
Rental car tax	15,010,079	9,906,061
NFL income tax	5,337,915	6,168,488
Sales tax recapture	8,741,418	8,455,418
Interest income	15,913	12,443
Interest expense	(13,527,341)	(20,384,810)
Change in fair value of interest swap agreement	-	(3,875,472)
Proceeds from insurance claims	-	264,268
Impairment of long-lived asset	-	(264,268)
Total nonoperating revenues	22,269,910	5,467,362
Change in Net Position	(2,029,987)	(17,592,318)
Net Position, Beginning of Year as previously reported		(16,615,743)
Correction of an error		7,964,316
Net Position, Beginning of Year as restated	(26,243,745)	(8,651,427)
Change in Net Position	(2,029,987)	(17,592,318)
Net Position, End of Year	$ (28,273,732)	$ (26,243,745)

	2013	2012 As restated
Cash Flows from Operating Activities		
Cash received from events (Stadium Operations)	$ 10,078,439	$ 8,937,330
Cash paid for events (Stadium Operations)	(18,792,976)	(16,451,375)
Cash paid to employees	(498,958)	(440,240)
Cash paid for other operating expenses	(638,878)	(1,300,377)
Net Cash used in Operating Activities	(9,852,373)	(9,254,662)
Cash Flows from Noncapital Financing Activities		
Payments to the Arizona Office of Tourism	(6,299,750)	(6,439,959)
Payments for Youth and Amateur Sports	(948,343)	(1,049,560)
Payments for Cactus League	(337,538)	(1,051,156)
Payment to the City of Avondale	(328,533)	(473,105)
Receipts from hotel bed tax	13,232,297	12,850,749
Receipts from rental car tax	15,063,514	9,743,647
Receipts from NFL Income tax	4,543,663	4,150,704
Receipts from sales tax recapture	8,741,418	8,455,418
Cash paid for interest	(10,523,899)	(16,736,777)
Net Cash Provided by Noncapital Financing Activities	23,142,829	9,449,961
Cash Flows from Capital and Related Financing Activities		
Defeased bonds	(13,060,000)	(184,591,547)
Cash paid for bond issuance costs	(268,247)	(1,802,568)
Proceeds on 2012A Bond Issuance	13,491,497	197,103,735
Cash paid for termination of interest rate swap	-	(9,878,000)
Cash paid for termination of letter of credit	-	(250,514)
Cash paid for capital additions	(71,539)	(3,010)
Cash paid on bond principal	(6,125,000)	(5,550,000)
Insurance proceeds collected on insurance claim	-	1,878,250
Cash paid for restoration of stadium	-	(1,878,250)
Net Cash used in Capital and Related Financing Activities	(6,033,289)	(4,971,904)
Cash Flows from Investing Activities		
Interest received	15,913	12,443
Net Cash Provided by Investing Activities	15,913	12,443
Net Change in Cash and Cash Equivalents	7,273,080	(4,764,162)
Cash and Cash Equivalents, Beginning of Year	28,073,642	32,837,804
Cash and Cash Equivalents, End of Year	$ 35,346,722	$ 28,073,642

	2013	2012
Operating Activities		
Operating loss	$ (24,299,897)	$ (23,059,680)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	14,643,989	14,828,905
Amortization of deferred bond issue costs	571,984	553,685
Changes in operating assets and liabilities		
Accounts receivable	177,483	(282,818)
Other assets	17,850	17,153
Accounts payable	(687,700)	(499,666)
Accrued expenses	272,775	(757,297)
Deferred revenue	(548,857)	(54,944)
	$ (9,852,373)	$ (9,254,662)
Supplemental Disclosures of Noncash Capital and Financing Activities		
Accrual of interest on noncurrent liabilities		
Cactus League	$ 661,544	$ 6,604,115

Note 1 - Organization and Reporting Entity

The Arizona Sports and Tourism Authority (the "Authority") was formed on August 9, 2000, as a political subdivision of the State of Arizona empowered, among other things:

- to construct, finance, furnish, maintain, improve, own, operate, market, and promote the use of the University of Phoenix Stadium suitable to be used to accommodate sporting events and entertainment, cultural, civic, meeting, trade show or convention events or activities, including a stadium, on-site infrastructure, parking garages and lots and related commercial uses within the facility in Maricopa County;

- to acquire land or construct, finance, furnish, improve, market or promote the use of existing or proposed major league baseball spring training facilities located in Maricopa County; and

- to acquire land or construct, finance, furnish, maintain, improve, operate, market or promote the use of community youth and amateur sports facilities, recreational facilities and other community facilities or programs in Maricopa County.

The Authority opened the University of Phoenix Stadium in August 2006 under its Stadium management operating agreement with Global Spectrum, L.P. ("Global").

Global acts as the fiscal agent of the Authority and receives all of its working capital requirements from the Authority on the basis of an annual budget and operating plan approved by the Authority's Board of Directors. The annual financial results for Global are reported separately as a division of the Authority and are rolled into and consolidated with the Authority's annual financial results. The Authority's management agreement with Global included a thirty-six month term from opening date through August 2009. Under the original agreement with Global, there were two one-year extension options available for consideration. On July 1, 2013 the Authority's Board of Directors passed amendment three to the agreement which extends the term of the agreement until June 30, 2016.

Rojo Hospitality Group, LLC operates as an independent service provider to the Authority and is solely responsible for all its financial activities at the Stadium. The Authority's agreement with Rojo Hospitality Group, LLC was for an initial term of two years that commenced in August 2010. In fiscal year 2013, the Authority's Board of Directors approved a 36-month extension of the service provider agreement.

The Authority has two, long-term Stadium tenants. The Arizona Cardinals of the National Football League and the Arizona Sports Foundation doing business as the Fiesta Bowl ("Fiesta Bowl"). The Arizona Cardinals and the Fiesta Bowl began their respective thirty-year use agreements at the time the Stadium opened in August 2006.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States as applicable to an enterprise fund of a governmental unit. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues and expenses of the Authority are those generally related to the on-going operations at the University of Phoenix Stadium. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority’s books and records include separate accounts: a general account, construction account, tourism revenue clearing account, non-pledged facility revenue clearing account, tourism account, youth and amateur sports account, debt service account, subordinate bond proceeds account, Cactus League account, and pledged facility revenue clearing account. These “accounts” have been combined in the accompanying financial statements. All material inter-account transactions have been eliminated.

Use of Estimates

The preparation of financial statements that conform to accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with an original maturity of three months or less.

Receivables and Credit Policy

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment upon receipts of the invoice. Trade receivables are stated at the amount billed to the customer. The Authority charges interest on overdue customer account balances at a rate of 18% per annum. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Hotel bed tax, car rental surcharge, and sales tax recapture receivables are due from the Arizona State Treasurer’s office and are paid approximately two months in arrears.

The Authority provides an allowance for doubtful accounts equal to estimated uncollectible amounts. The Authority’s estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Authority’s estimate of the allowance for doubtful accounts will change. As of June 30, 2013, and 2012, the Authority determined all receivables were collectible.

Use of Restricted Assets

The Authority's assets are restricted based on existing statutory language. As such, the Authority employs these resources first when expenses of the Authority are incurred. All cash and cash equivalents are restricted as to use by the State of Arizona. Restrictions on use are as follows:

The Tourism Revenue Clearing Account is fully allocated on a monthly basis for those requirements as outlined in the Flow of Funds.

- The Debt Service Accounts, including the subordinate reserve, are used for meeting bondholder obligations.
- The Tourism Account is used for tourism promotion purposes.
- The Cactus League account is restricted to the promotion of spring training baseball.
- The Youth and Amateur Sports account is for the awarding of matching grants for those express purposes.
- The operating general account is used for the Authority's approved annual operating budget expenses as well as for fulfilling the Authority's statutory youth and amateur sports, operating and capital reserve requirements.

Capital Assets

Capital assets are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to forty years.

The Authority reviews its property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is materially less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. During August of 2010, a storm damaged the roof of the stadium. The impairment of the building was measured using the restoration method and amounted to $2,973,989 for the year ended at June 30, 2012. During fiscal year 2013, the Authority continued to evaluate the impairment of the building and, based on revised costs of repair, determined that the final costs of the impairment would be $3,238,257. As a result, the Authority prospectively accounted for a change in accounting estimate of impairment of the building and recorded an additional impairment expense of $264,269 as of June 30, 2013. As of June 30, 2013, all repairs on the building were complete and the impairment on the building was zero. No impairments occurred in fiscal year 2013.

Costs of Borrowing

The Authority amortizes deferred bond issue costs using the straight-line method for the 2007A, 2012A, and 2013A series of bonds over the life of the bonds.

Derivative Policy

The Authority evaluates contractual arrangements that meet the standard's definition of a derivative instrument for effectiveness and to report such instruments as either hedges or investments, depending upon hedge effectiveness. The Authority's interest rate swap was terminated in connection with the 2012A advance refunding completed on June 5, 2012.

Revenue Recognition

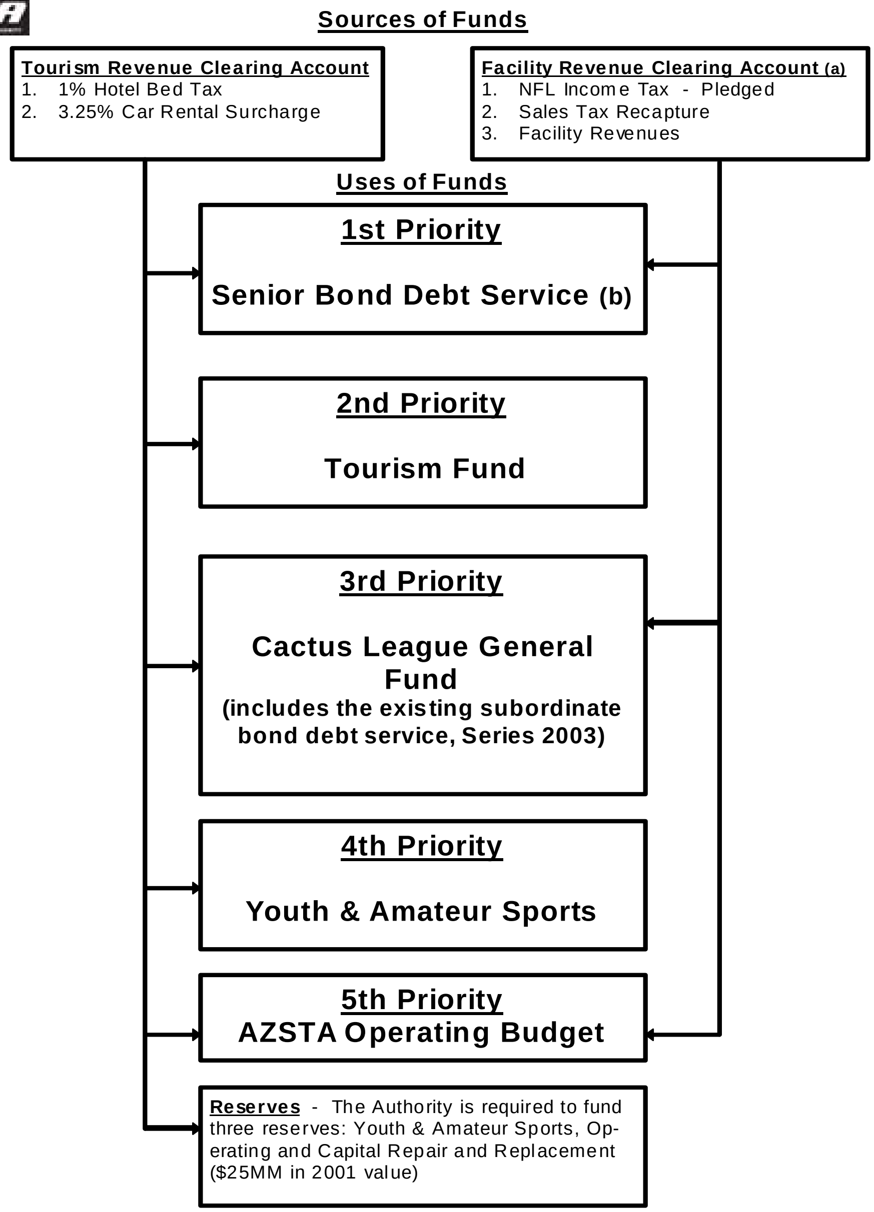
The Authority recognizes revenue from car rental surcharges, hotel bed tax, income taxes related to a professional football franchise, sales tax recapture, event earnings, and facility user rentals on the accrual basis as earned.

- The car rental surcharge is a 3.25 percent surcharge on applicable rental car contracts in Maricopa County (less $2.50 which goes to the Maricopa County Stadium District ("MCSD")).
- The hotel bed tax is a one percent tax on lodging transactions in Maricopa County.
- The income taxes are associated with the state income tax liability of the Arizona Cardinals organization, its employees and their spouses.
- Sales tax recapture revenues are generated by all taxable transactions at the Stadium which are remitted to the State of Arizona and the City of Glendale.
- Event revenues are deferred until completion of the event, at which time a financial settlement is made with the promoter. Revenues come from a variety of activities including building rents, concessions and catering, novelties, exhibitor services and other miscellaneous revenues.
- Facility user rentals are amounts paid by the Cardinals and the Fiesta Bowl for their use of the Stadium. The Cardinals annual rent started at $250,000 per year and grows by two percent per year thereafter. The Fiesta Bowl pays a ticket surcharge which started at $2.50 per ticket and increases by $0.20 per ticket per year.

The Authority's revenues are defined by Arizona Revised Statute as to the priority of their use.

The following Flow of Funds diagram outlines the priority in which the Authority's revenues are allocated.

Arizona Sports and Tourism Authority
Statutory Flow of Funds



Footnotes
(a) The Facility RCA is used for debt service requirements on senior and subordinate bonds. Any remaining funds go to the operations account.
(b) All sources of revenue of the Authority (except for the non-pledged portion of the NFL Income Tax) are pledged to the Authority's senior and subordinate bond debt service above all other distribution priorities.

Description of Accounts

Tourism Revenue Clearing Account

The Tourism Revenue Clearing Account ("TRCA") receives the tourism tax revenues from the hotel bed tax and the car rental surcharge. The taxes began in March 2001 and will be collected through February 2031. These revenues are then distributed on the second Tuesday of the following month in the following order of priority:

- The first priority is to the actual debt service on bonds issued to finance the construction of the University of Phoenix Stadium. The debt service amount to be distributed from the TRCA is limited to $165.5 million of the total bond principal amount.

- The second funding priority is to the tourism account based on $4.0 million in the first 12 months growing by five percent every 12-month period thereafter during the term of the tourism taxes.

- The third funding priority is to promote and market Cactus League baseball as well as to meet the Subordinate Bond debt service requirements. This account will receive $250,000 per month during the first 84 months and increases per the statute's requirements thereafter.

- The fourth funding priority is youth and amateur sports, which is to receive $1.0 million in its first 12 months increasing by $100,000 every 12-month period thereafter during the term of the tourism taxes.

- The next priority is the Authority's annual operating budget which also includes the Stadium operating budget as managed by the Stadium management company, Global Spectrum, L.P. The distribution is based on the total fiscal year's operating budget divided into equal monthly installments.

- The final funding priority is for three reserve accounts: the youth and amateur sports reserve, the operating reserve and a capital repair and replacement reserve.

Facility Revenue Clearing Accounts – Pledged and Non-Pledged

The Pledged Facility Revenue Clearing Account receives the following revenue sources: the professional football franchise income tax, the state and local sales tax recapture revenues, Fiesta Bowl ticket surcharge, Cardinals annual rent and all other event revenues from Stadium operations. These revenues are used for one primary purpose – to fund a portion of the debt service for the Authority's outstanding senior and subordinate bond issues.

The Non-Pledged Facility Revenue Clearing Account receives that portion of the professional football franchise income tax which is determined as being non-football related. This account is designated strictly for meeting the Authority's operating expenses.

Comparative Data and Reclassifications

Certain balances from 2012 have been reclassified to conform to current year presentation of the financial statements. The reclassifications had no effect on the results of operations for 2012.

Note 3 - Cash and Cash Equivalents

At June 30, 2013 and 2012, the Authority had total cash and cash equivalents on deposit of $35,346,722 and $28,073,642, respectively, through its commercial bank and bond trustee accounts.

The Authority, throughout the year, maintains cash at these financial institutions in excess of the $250,000 per bank limit insured by the Federal Deposit Insurance Corporation (FDIC). The cash balances on deposit with these financial institutions exceed the balance insured by the FDIC by $34,798,301 and $27,408,660 at June 30, 2013 and 2012, respectively.

At June 30, 2013 and 2012, the Authority's commercial bank accounts accounted for a total of $15,819,749 and $12,120,553, respectively, of all cash and cash equivalents which are invested in overnight money markets. These accounts were not collateralized or insured.

The Authority had a total of $19,526,973 and $15,953,089, respectively for 2013 and 2012, in its trust accounts. Proceeds to purchase these marketable securities, which consist of overnight money markets, were derived from the Authority's senior bond issue, construction sales tax recapture, contributed capital, related debt service accounts for both the senior and subordinate bond issues, Cactus League, Tourism Revenue, Pledged Facility Revenue Clearing Account and the Construction Trust Account. These accounts were not collateralized or insured.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following as of June 30:

	2013	2012
Accounts receivable	$ 320,112	$ 497,595
Hotel Bed Tax	1,579,777	1,776,963
Car Rental Surcharge	1,505,380	1,558,815
Sales Tax Recapture	3,249,394	2,455,142
	$ 6,654,663	$ 6,288,515

Note 5 - Restricted Assets

Restricted assets consisted of the following at June 30:

	2013	2012
Cash and cash equivalents	$ 35,346,722	$ 28,073,642
Receivables	6,654,663	6,288,515
	$ 42,001,385	$ 34,362,157

Note 6 - Capital Assets

Capital asset activity consisted of the following for the year ended:

	July 1, 2012	Additions	Impairment/ Disposals	June 30, 2013
Capital assets not being depreciated:				
Land	$ 2,773,165	$ -	$ -	$ 2,773,165
	2,773,165	-	-	2,773,165
Capital assets being depreciated:				
University of Phoenix Stadium	476,353,920	-	-	476,353,920
Stadium FF&E	9,643,713	-	-	9,643,713
Computer equipment	51,113	71,539	-	122,652
Furniture and fixtures	133,563	-	-	133,563
Office equipment	15,577	-	-	15,577
Capitalized software	10,168	-	-	10,168
Assets under capital lease	60,039	-	-	60,039
	486,268,093	71,539	-	486,339,632
Less accumulated depreciation:				
University of Phoenix Stadium	(84,932,141)	(14,348,760)	-	(99,280,901)
Stadium FF&E	(7,078,742)	(284,997)	-	(7,363,739)
Computer equipment	(48,636)	(10,232)	-	(58,868)
Furniture and fixtures	(133,563)	-	-	(133,563)
Office equipment	(15,577)	-	-	(15,577)
Capitalized software	(10,168)	-	-	(10,168)
Assets under capital lease	(60,038)	-	-	(60,038)
	(92,278,865)	(14,643,989)	-	(106,922,854)
	$ 396,762,393	$ (14,572,450)	$ -	$ 382,189,943

Capital asset activity consisted of the following for the year ended:

	July 1, 2011	Additions	Disposals	June 30, 2012
Capital assets not being depreciated:				
Land	$ 2,773,165	$ -	$ -	$ 2,773,165
	2,773,165	-	-	2,773,165
Capital assets being depreciated:				
University of Phoenix Stadium	474,739,938	1,878,250	(264,268)	476,353,920
Stadium FF&E	9,643,713	-	-	9,643,713
Computer equipment	48,103	3,010	-	51,113
Furniture and fixtures	133,563	-	-	133,563
Office equipment	15,577	-	-	15,577
Capitalized software	10,168	-	-	10,168
Assets under capital lease	60,039	-	-	60,039
	484,651,101	1,881,260	(264,268)	486,268,093
Less accumulated depreciation:				
University of Phoenix Stadium	(70,583,381)	(14,348,760)	-	(84,932,141)
Stadium FF&E	(6,600,722)	(478,020)	-	(7,078,742)
Computer equipment	(48,103)	(533)	-	(48,636)
Furniture and fixtures	(132,101)	(1,462)	-	(133,563)
Office equipment	(15,447)	(130)	-	(15,577)
Capitalized software	(10,168)	-	-	(10,168)
Assets under capital lease	(60,038)	-	-	(60,038)
	(77,449,960)	(14,828,905)	-	(92,278,865)
	$ 409,974,306	$ (12,947,645)	$ (264,268)	$ 396,762,393

Note 7 - City of Avondale

The Authority entered into an intergovernmental agreement with the City of Avondale, Arizona in September 2001 to help finance the construction of a youth sports field. The Authority's Board of Directors committed $3,430,000 million plus associated financing costs to the repayment of approximately 67% of the total project value. The commitment accrues interest, in accordance with the intergovernmental agreement at 2.98% per year on the unpaid balance. The Authority pledged a total of 25% of its annual youth and amateur sports statutory funding to the repayment of this obligation. The Authority will fully pay its obligation on this agreement in 2014.

Note 8 - Cactus League Payable

The Authority, through its Cactus League promotion account, provides financing assistance to cities in Maricopa County which host Major League Baseball spring training teams. As of the end of fiscal year 2013, the Authority has provided funding commitments for projects costs (including project financing costs) which are being funded under government mandate A.R.S. Section 5-808. The following is a listing of the cities, the teams, and the projects:

City	Team(s)	Agreement Year	Project Completed	Principal Amount	Project Financing Costs
Tempe, Arizona	Los Angeles Angels of Anaheim	2004	2006	$ 12,000,000	4.397%
Scottsdale, Arizona	San Francisco Giants	2005	2007	$ 20,000,000	4.454%
Goodyear, Arizona	Cleveland Indians	2007	2009	$ 37,375,000	4.773%
Glendale, Arizona	Chicago White Sox and Los Angeles Dodgers	2007	2009	$ 60,000,000	5.000%
Phoenix, Arizona	Milwaukee Brewers	2013	NA	$ 1,042,348	2.140%

The Authority recorded these payables as a noncurrent liability because it does not have the funding resources to pay for these projects on an upfront basis. Over the life of the tourism tax revenues (i.e. the hotel bed tax and the car rental surcharge) the funding for Cactus League is projected to be $205,000,000 plus the amount that the Authority will receive through its agreement with the Maricopa County Stadium District. Through the Authority's IGA with each of the cities, each city is responsible for funding 100% of the project at the time of construction. The Authority accrues interest on the outstanding balance at the lesser of the actual rate each city secured through their project financing program or 5%. The Authority makes payments to the cities in accordance to the existing IGA's and as funding becomes available through the Cactus league promotion account in accordance with A.R.S. Section 5-808. In 2013, the Authority determined that it is more likely than not that the project and financing costs will not be paid in total due to the uncertain pledged revenue streams and scheduled dissolution of the Authority in 2031. Thus, the Authority has stopped accruing project costs and the estimated financing costs on certain cactus league projects until such time as they become more likely than not to be paid. This change in estimate from prior years reduced interest expense by approximately $5,400,000.

The following balances are due for Cactus League as of June 30:

	2013	2012
Payable to City of Tempe, accruing interest at 4.40%, payment determined from available excess car rental surcharge revenues with final payment due in 2017.	$ 14,361,521	$ 14,482,973
Payable to City of Scottsdale, accruing interest at 4.45%, payment determined from available excess car rental surcharge revenues with final payment due in 2017.	20,224,488	19,779,030
Payable to City of Goodyear, accruing interest at 4.40%, payments projected to begin in 2017 after repayment of City of Tempe and City of Scottsdale liabilities.	43,766,898	43,766,898
Payable to City of Glendale, accruing interest at 5%, payments projected to begin in 2017 after repayment of City of Tempe and City of Scottsdale liabilities.	70,779,765	70,779,765
	149,132,672	148,808,666
Less current portion on cactus league payable	(3,132,716)	(340,000)
	$ 145,999,956	$ 148,468,666

Tempe

The Authority committed a maximum of $12 million to the City of Tempe in November 2004. The City of Tempe project was completed in February 2006. The Authority began to repay its commitment to Tempe in fiscal year 2005 from available Cactus League and Maricopa County Stadium District funds related to its excess car rental surcharge revenues. The distributions are lower-than-original distribution forecast and are expected to continue throughout the near term until such time as Tourism Revenues return to their original 30-year tourism revenue forecasts.

Scottsdale

The Authority committed a maximum of $20 million to Scottsdale in March 2005. The City of Scottsdale project was a two-phase project with the first phase being completed in February 2006 and the second phase completed in February 2007. The Authority began to repay its commitment to Scottsdale in fiscal year 2005 from available Cactus League and Maricopa County Stadium District funds related to its excess car rental surcharge revenues. The distributions are lower-than-original distribution forecast and are expected to continue throughout the near term until such time as Tourism Revenues return to their original 30-year tourism revenue forecasts.

Goodyear

The Authority committed a maximum of $37.375 million to Goodyear in January 2007 for up to 50% of the projected cost of constructing a one-team stadium and practice facility for the Cleveland Indians. The stadium and related practice facility were completed in the fall of 2008 and were in operation for the 2009 spring training baseball season. Based on Goodyear opening the stadium, the Authority started to accrue interest in fiscal year 2009 and in 2013 no longer accrued interest related to the project since it was determined that it is more likely than not that the project financing costs will not be paid in total due to the uncertain pledged revenue streams and scheduled dissolution of the Authority in 2031. Based on the existing IGA's with the cities of Tempe and Scottsdale, it is projected that the Authority will begin to make payments to Goodyear in fiscal year 2017.

On April 7, 2008, the Authority's Board of Directors approved Resolution No. 2008-75 which revised the existing funding plan related to present and future Cactus League projects. A primary provision of this resolution granted up to an additional maximum of twenty million dollars to the City of Goodyear for developing a practice facility for a second team. The funding source(s) that would pay for the additional commitment to the City of Goodyear, however, does not currently exist. This commitment will become a recorded liability if there is a renewal or extension of the Authority's current revenues or the creation of a new funding source for Cactus League purposes after fiscal year 2031. The Authority, under GASB 33 – Accounting and Financial Reporting for Non-exchange Transactions, will not record this additional liability to its financial statements, until such time that these currently non-existent funding sources become available.

Glendale

The Authority committed a maximum of $60 million to Glendale in August 2007 for up to two-thirds of the projected cost of constructing a two-team stadium and practice facility for the Chicago White Sox and the Los Angeles Dodgers. The stadium and related practice facility were finished in the fall of 2008 and were in operation for the 2009 spring training baseball season. With the opening the stadium, the Authority started to accrue interest in fiscal year 2009 and in 2013 no longer accrued interest related to the project since it was determined that it is more likely than not that the project financing costs will not be paid in total due to the uncertain pledged revenue streams and scheduled dissolution of the Authority in 2031. Based on the existing IGA's with the cities of Tempe and Scottsdale, it is projected that the Authority will begin to make payments to Goodyear in fiscal year 2017.

Phoenix

The Authority committed to a maximum of $1.042 million to the City of Phoenix in 2013 for up to two-thirds of the projected cost of constructing a stadium and practice facility for the Oakland A's. The stadium and related practice facility are currently under construction. The Authority will accrue the principal and interest when the liability becomes more likely than not to be paid.

Note 9 - Bonds Payable

The Authority's bonds payable consisted of the following as of June 30:

	2013	2012
Tax Revenue Bonds, Series 2003A, interest from 3.00 percent to 5.00 percent, due through 3031 which was defeased as of June 5, 2012 through advance refunding.	$ -	$ 2,145,000
Subordinate Tax Revenue Bonds, Series 2003, interest from 2.25 percent to 5.00 percent, due through 2016 (Subordinate Bonds), which was defeased as of April 3, 2013 through advance refunding.	3,880,000	20,595,000
Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2007A	89,115,000	89,440,000
Senior Revenue Advance Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A	176,740,000	176,740,000
Subordinate Tax Revenue Refunding Bonds Refunding Series 2013	12,485,000	-
Total bonds payable	282,220,000	288,920,000
Less current portion of bonds payable	(4,220,000)	(6,125,000)
Total non-current portion of bonds payable	278,000,000	282,795,000
Plus unamortized premium	17,338,619	17,364,357
Total bonds payable plus unamortized premium	$ 295,338,619	$ 300,159,357

Debt service requirements subsequent to June 30, 2013 are as follows:

Year Ending June 30,	Principal Maturities	Interest	Total
2014	$ 4,220,000	$ 13,346,878	$ 17,566,878
2015	4,325,000	13,402,963	17,727,963
2016	7,270,000	13,150,338	20,420,338
2017	7,905,000	12,804,263	20,709,263
2018	9,415,000	12,427,244	21,842,244
2019 - 2023	61,835,000	53,981,138	115,816,138
2024 - 2028	81,050,000	36,940,125	117,990,125
2029 - 2033	86,850,000	14,356,250	101,206,250
2034 - 2038	19,350,000	1,970,000	21,320,000
	$ 282,220,000	$ 172,379,199	$ 454,599,199

Per the existing bond covenants, the Authority is to maintain a minimum bond coverage ratio of 1.30 and 1.15, respectively, for the 2003 series senior and subordinate bonds. Since the issuance of the first bonds in 2003, the Authority's revenues have exceeded these minimum coverage ratios in each and every succeeding fiscal year.

Bond Issuance Costs

The Authority has recognized and recorded on its Statement of Net Position as deferred bond issue costs the amounts related to issuing its various senior and subordinate bonds and associated refundings. The Authority has deferred bond issue costs consisting of the following at June 30:

	2013	2012
Deferred bond issuance costs	$ 7,200,109	$ 6,931,862
Less: Accumulated amortization	(1,032,303)	(460,319)
	$ 6,167,806	$ 6,471,543

As a result of the 2012A bond refunding there were approximately $2,100,000 of costs incurred and deferred over the remaining life of the 2012A issue. Additionally, approximately $6,000,000 of bond issuance costs that were previously deferred for the 2003A and 2008 bond issuances were recorded against the 2012A bond premium in accordance with accounting for advance refundings, in 2012.

As a result of the 2013 bond refunding there were approximately $270,000 of costs incurred and deferred over the remaining life of the 2013A issue.

Senior Bonds - Stadium Construction Related Bonds

Series 2003A Senior Bonds

In February 2003, the Authority issued $221,950,000 in Tax Revenue Bonds, Series 2003A, interest from 3.00 percent to 5.375 percent, due through 2031 ("Senior Bonds"). The Senior Bonds are tax-exempt revenue bonds with a final maturity date in 2031. The proceeds were used, along with several other sources of funding, to finance the construction of the University of Phoenix Stadium. These bonds are insured by MBIA Insurance. On June 5, 2012, these bonds were defeased through the 2012A advance refunding which is described below.

Series 2005 Senior Bonds

On September 29, 2005, the Authority issued additional senior lien debt of $53,050,000 in tax exempt, variable rate revenue bonds. These bonds were issued in order to secure the necessary final funding for the stadium project, site improvements, extravaganza seating and related storage space build-out. These bonds are on par with the Authority's 2003A senior bonds and share the same pledged revenues. The rate for these bonds is reset on a weekly basis. On June 5, 2012, these bonds were defeased through the 2012A advance refunding which is described below.

Series 2007A Senior Bonds – Advanced Refunding

In January 2007, the Authority issued $90,000,000 in Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2007A as part of an advance refunding of $87,420,000 in Tax Revenue Bonds, Series 2003A. The Series 2007A bonds mature between 2010 and 2024 and carry coupon rates from 4.00 percent to 5.00 percent. The Authority issued the Refunding Bonds in order to replace higher interest debt instruments with those with lower interest carrying costs. The Authority realized an estimated $2.8 million in net present value savings through the advance refunding. The net proceeds from the sale of the 2007A Refunding bonds, $92,270,533, were put into an escrow account with the Authority's trustee, The Bank of New York, and invested in State and Local Government Series. The escrow account will be used to pay the debt service on the old debt during the period between the refunding date and the call date. The Authority considers the amount of the Series 2003A senior bond debt, $87,420,000, to be defeased which was reflected in its financial statements as of June 30, 2007. The refunding bonds are insured by MBIA Insurance.

Series 2008 Senior Bonds – Revenue Refunding

The Series 2008 Variable Rate Demand Revenue Refunding Bonds replaced the entire Series 2005A bonds with exactly the same maturity schedule as the original Series 2005A bonds. The Authority issued this refunding in response to the sub-prime mortgage issue in January 2008, which directly impacted the credit rating of the bonds' insurer, Ambac Assurance, which in turn, created a lack of demand in the marketplace for the Authority's 2005A bonds. In order to remarket the Authority's bonds on a weekly basis, the remarketing agent for the Authority, was required to offer higher rates of interest rate yield to prospective bondholders in order to sell the Authority's bonds. On June 5, 2012, these bonds were defeased through the 2012A advance refunding which is described below.

Series 2012A Senior Bonds – Advance Refunding

On June 5, 2012, the Series 2012A refunding bonds were issued to refund the 2003A, 2005, and 2008 variable rate bonds. A bond reserve in the amount of $266,430,000 was established with the Bank of New York Mellon using bond proceeds. The rate on the 2012A is 4% from 2015 through 2020 and 5% from 2021 for the duration of the debt life. The advance refunding was undertaken to reduce the interest rate risk exposure related to the variable interest rate bonds, interest rate swap and decreased the total debt service payments over the length of the debt by $2,000,000. This resulted in an economic gain of $8,616,330.

Deferred Amount on Refunding

On June 5, 2012, the Authority advance refunded the above bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the Authority's financial statements. On June 5, 2012, $176,740,000 of bonds outstanding are considered defeased. The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt which was deferred and is being amortized over the life of the new debt.

Series 2003 Subordinate Bonds – Cactus League Related Bonds

In February 2003, the Authority issued $32.4 million in Subordinate Tax Revenue Bonds, Series 2003, interest from 2.25 percent to 5.00 percent, due through 2016 ("Subordinate Bonds"). The Subordinate Bonds are tax-exempt revenue bonds with a final maturity in 2016. The proceeds from these bonds were used to pay the balance of the $32 million committed to the City of Surprise for the Authority's share of funding for the brand new Surprise spring training facility, which is home to the Texas Rangers and the Kansas City Royals.

A subordinate bond reserve is required under the terms of the indenture governing the subordinate bonds. There were several options available to the Authority for fulfilling this requirement. The Authority opted for creating a 10 percent reserve of the original principal amount of all series of Subordinate Bonds any of which remain outstanding. This reserve amount of $3.24 million was fully funded in February 2008 and continues to be maintained at the required amount.

Series 2013 Subordinate Tax Revenue Refunding Bonds– Cactus League Related Bonds

On April 3, 2013, the Series 2013 refunding bonds were issued to refund the Series 2003 Subordinate Tax Revenue Bonds. A bond reserve in the amount of $12,485,000 was established with the Bank of New York Mellon using bond proceeds. The rate on the 2013 is 4% in 2014 and 5% from 2015 through 2016. The advance refunding was undertaken to reduce the interest rate risk exposure related to the variable interest rate bonds. This resulted in an economic gain of approximately $450,000.

Deferred Amount on Refunding

On April 3, 2013, the Authority advance refunded the above bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the Authority's financial statements. On June 30, 2013, approximately $16,940,000 of bonds outstanding are considered defeased. The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt which was deferred and is being amortized over the life of the new debt.

Note 10 - Liabilities

Liability activity was as follows for the years ended:

	July 01, 2012	Additions	Reductions	June 30, 2013	Amounts Due within One Year
Payable to City of Avondale	$ 328,533	$ 8,044	$ (328,533)	$ 8,044	$ 8,044
YAS grant award payable	967,307	-	(940,398)	26,909	26,908
Deferred revenue	1,332,547	250,000	(798,857)	783,690	533,690
Cactus league payable	148,808,666	661,544	(337,538)	149,132,672	3,132,716
Bonds principal and premiums	306,284,357	14,066,497	(20,217,235)	300,133,619	4,220,000
Bonds interest payable	3,297,565	13,505,899	(9,474,581)	7,328,883	6,699,146
Total	$ 461,018,975	$ 28,491,984	$ (32,097,142)	$ 457,413,817	$ 14,620,504

	As restated				
	July 01, 2011	Additions	Reductions	June 30, 2012	Amounts Due within One Year
Payable to City of Avondale	$ 770,274	$ 31,364	$ (473,105)	$ 328,533	$ 328,533
YAS grant award payable	748,153	1,400,000	(1,180,846)	967,307	967,307
Deferred revenue	1,442,834	750,000	(860,287)	1,332,547	832,547
Fair value of interest rate swap	6,002,528	3,875,472	(9,878,000)	-	-
Cactus league payable	143,326,913	6,532,909	(1,051,156)	148,808,666	337,538
Bonds principal and premiums	301,999,113	197,103,735	(192,818,491)	306,284,357	6,125,000
Bonds interest payable	6,014,536	20,975,761	(23,692,732)	3,297,565	3,297,565
Total	$ 460,304,351	$ 230,669,241	$ (229,954,617)	$ 461,018,975	$ 11,888,490

Note 11 - Sources of Pledged Revenues

The following are the Revenue Sources Pledged related to the senior bond for the years ended June 30:

	2013	2012
Hotel bed tax	$ 13,035,111	$ 12,893,908
Rental car tax	15,010,079	9,906,061
NFL income tax	5,337,915	6,168,488
Sales tax recapture	8,741,418	8,455,418
Fiesta Bowl Ticket Surcharge	-	376,341
Other stadium revenue	1,715,555	1,499,723
	$ 43,840,078	$ 39,299,939

Several of the pledged revenues presented above vary from the amounts presented in the Statement of Revenues, Expenses and Changes in Net Position due to various statutory or contractual agreements which amend the amount the Authority may claim as a pledge to its senior bond debt repayment. This agreement provides the District's annual excess funds exclusively for the Authority's Cactus League purposes. These funds, in turn, are used by the Authority to defease the amount due and owing to the City of Scottsdale under our intergovernmental agreement for their Cactus League stadium and practice field renovation project.

Note 12 - Commitments and Contingencies

Arizona Office of Tourism

The Authority has a statutory obligation to provide to the Arizona Office of Tourism (AZOT) an annual amount for marketing and tourism promotion within Maricopa County. The initial annual amount was $4.0 million beginning in June 2001. This annual amount is increased by five percent per year thereafter. Expense related to the distribution to AZOT was $6,299,750 and $6,439,960, respectively, for the fiscal years 2013 and 2012.

Fiesta Bowl

The Authority and the Fiesta Bowl are governed by a Use Agreement which provides for the Fiesta Bowl's use of the Stadium for their annual event for an initial period of 30 years. The Authority has further agreed to subsidize the Fiesta Bowl's annual event by providing for a fixed amount of the actual game day expenses. Under the agreement, the Fiesta Bowl is required to collect and remit to the Authority several revenues including a ticket surcharge and a facility use fee.

Global Spectrum

Global Spectrum was selected by the Authority in 2004 to be its stadium management operator. Under the agreement, the Authority is responsible for funding Global Spectrum's operating costs of the Stadium under a budget and annual plan approved by the Authority's Board of Directors. In 2013, the Authority and Global Spectrum entered into an extension of the original operating agreement which will run expire in June 2016.

Concessions Agreement

On February 9, 2010, the Authority and the Arizona Cardinals entered into a Concession Services Agreement with Rojo Hospitality Group, LLC (Rojo) which commenced August 1, 2010 to manage and operate Concession Services at the Stadium. The term of this agreement shall be two years from the commencement date unless extended or terminated (the term). The agreement has an option to extend the term for an additional one year period after the term if Rojo gives the Authority, the Arizona Cardinals, and the Manager a written request to extend the term no later than 120 days prior to the expiration of the term and the Authority, in its sole and absolute discretion, does not provide Rojo notice of its intent to renew within 30 days thereafter. If any such extension is granted a similar option to extend shall exist with respect to the then current term.

Rojo will collect all gross revenues on behalf of and for the Authority and, out of such gross revenues, remit the agreed upon gross revenue percentage to the Authority for events (other than Arizona Cardinals home games and the Fiesta Bowl). Within 30 days after execution of this agreement Rojo provided, under the terms of the agreement, a loan of $1,000,000 (non-interest bearing) and an advance on "Year One Remittances" of $500,000. In the event the agreement is terminated by the Authority prior to July 31, 2011, the Authority shall be obligated to immediately pay back the $500,000 advance, less the amount of Year One Remittances retained by Rojo as of the date of such termination. On January 1, 2011, Rojo shall pay the Authority $500,000 as an advance on "Year Two Remittances" with respect to the period commencing August 1, 2011. In the event the agreement is terminated by the Authority prior to July 31, 2012, the Authority shall be obligated to immediately pay back the $500,000 advance, less the amount of "Year Two Remittances" retained by Rojo as of the date of such termination. Similar terms exist if the term is extended.

Payments of $250,000 on the loan of $1,000,000 will be due to Rojo on an annual basis commencing August 1, 2011 through August 1, 2014. In addition, Rojo will transfer and remit to the Authority $250,000 on each August 1 commencing August 1, 2011 unless the Concession Services Agreement is terminated or has expired. Due to the terms of this arrangement, the loan from Rojo has been classified as long-term deferred revenue.

City of Goodyear

On April 7, 2008, the Authority's Board of Directors approved Resolution No. 2008-75 which approved a revised funding plan related to present and future Cactus League projects. A primary provision of this resolution granted an additional maximum of twenty million dollars to the City of Goodyear for its Cactus League spring training baseball facility project for a second team's practice facilities. However, the funding that would pay for this additional commitment does not currently exist. Under the resolution the funding would potentially come from the renewal or extension, post-2031, of the Authority's current revenues or a new, yet-to-be identified funding source. Based on this understanding and acknowledgement by the City of Goodyear, the Authority, under GASB 33 – Accounting and Financial Reporting for Nonexchange Transactions, will not record this additional liability to its financial statements until the new funding revenues have been implemented and are available to the Authority.

Youth and Amateur Sports

The Authority has a statutory obligation to set aside and use funds designated for youth and amateur sports promotion and projects within Maricopa County as are available from the Tourism Revenue Clearing Account. The Authority has established a biennial grant process as well as a year-round quick grant process in order to award these monies to qualifying organizations and projects. Based on Arizona Revised Statute, the annual amount to be allocated to youth and amateur sports was $1.0 million increasing by $100,000 annually thereafter. The Authority has $3,080,875 and $3,090,921 as of June 30, 2013 and 2012, respectively, in cash balances allocated to youth and amateur sports and is in compliance with the statute.

Note 13 - Defined Benefit Plan

The Authority and its employees are members of the Arizona State Retirement System's Defined Benefit Plan (Plan), which is administered by the Arizona State Retirement System (ASRS). Under the Plan, both the employee and the employer contribute an equal percentage based on the employee's gross wages. Employee contributions are calculated on a pre-tax basis. The contribution percentage during 2012 and 2011was 10.24 and 10.10 percent, respectively, as determined by the ASRS. Retirement benefits are determined by ASRS based on the member's credited service along with the member's final average salary. For the years ended June 30, 2013, 2012, and 2011, the Authority made contributions of $47,093, $29,395, and $42,776, respectively to the Plan.

Note 14 - Interest Rate Swap

On June 5, 2012 the authority terminated the interest rate swap in connection with the 2012A Advance Refunding. The fair value at termination was $9,878,000 of which approximately $3,875,000 was expensed in 2012. For the year ended June 30, 2011 the fair value of the interest rate swap agreement was reduced by approximately $846,000. The Authority, at the time of the variable rate bond issuance in September 2005, entered into a Series 2005A Swap Agreement in order to reduce the risk of future interest rate increases to the bonds' variable rate. Under the swap agreement, the Authority is the fixed rate payer and Royal Bank of Canada, the swap counterparty and liquidity facility issuer, is the variable rate payer.

Fair Value

The Authority considers its hedge swap agreement as ineffective, and as such has recorded the hedge at fair value. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Note 15 - Correction of an Error

In 2006, the Authority recorded $6,239,434 as a noncurrent liability to B&B Holdings, Inc. (dba The Arizona Cardinals) per the August 15, 2005 Facility Use Agreement (the Agreement). The nature of this liability was to account for the repayment of a portion of the costs incurred by the Arizona Cardinals for on-site improvements and for the purchase of the 165 acres of land on which the Stadium and its adjacent parking reside. Repayment of this liability was projected to begin in 2012 and was to be funded from waterfall of available funds under Arizona State Statute and the Agreement. This liability was to be amortized starting 2012 when cash received by the Cardinals is applied to these expenditures which would result in net revenue recognition.

Management has determined that the recording of the liability in 2006 was made in error as the Authority does not have a liability with respect to what is owed to the Cardinals per the Agreement or should it account for the deferral of any future revenues arising from this Agreement. The Authority does not have title or rights to the property purchased by the Cardinals. Any revenue and/or related obligations under this agreement will be recorded as incurred.

The correction of an error is summarized as follows:

	2012 as previously reported	Restatement	2012 as restated
Current Liabilities			
Payable to Arizona Cardinals	$ 1,629,371	$ (1,629,371)	$ -
Noncurrent Liabilities			
Payable to Arizona Cardinals	6,734,252	(6,734,252)	-
	$ 8,363,623	$ (8,363,623)	$ -
Net Position			
Unrestricted	$ (131,556,947)	$ 8,363,623	$ (123,193,324)
Interest expense	$ (20,784,117)	$ 399,307	$ (20,384,810)
Change in Net Position	$ (17,991,625)	$ (399,307)	$ (18,390,932)

Note 16 - Subsequent Event

Effective July 23, 2013, the Authority entered into an intergovernmental agreement (IGA) with the City of Mesa to partially fund The Hohokam Stadium Renovation Project (the Project). The total amount of the project is estimated at $12,300,000. As defined in the IGA, the Authority Contribution is to be approximately $8,200,000 and is due after payment of the amount due under any prior existing Maricopa County Stadium District (MCSD) project commitments.