Financial Statements
June 30, 2015

AZSTA

ARIZONA SPORTS & TOURISM AUTHORITY

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 the business-type activities of the Arizona Sports and Tourism Authority (the Authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 audit. We conducted our audit 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, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard
As described in Notes 2 and 15 to the financial statements, the Authority adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

Correction of Errors
As described in Note 16 to the financial statements, the Authority applied an adjustment to beginning net position to correct an error in net capital assets and the Arizona Cardinals facilities use fee payable for amounts previously erroneously omitted from the financial records. Our opinion is not modified with respect to this matter.

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 10 and the Schedule of the Authority's Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Pension Contributions on page 35 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 them 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.

Eide Bailly LLP

Phoenix, Arizona
October 30, 2015

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.

The Authority's statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2015. The statement of net position is presented to provide the reader with a financial picture of the Authority's assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. The difference between total assets, deferred inflows of resources, total liabilities, and deferred outflows of resources represents the Authority's net position.

The purpose of the statement of net position is to illustrate what is available for the 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, what cash and cash equivalents are available, and what amounts are owed to and by the Authority.

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 reader will see the revenues and expenses broken down into operating and non-operating categories, as well as any adjustments made to the net position as of the beginning of the year; as is the case in fiscal year 2015. These adjustments are documented and detailed footnotes about these adjustments are referenced on this statement. The improvement in net position is attributable to net income and capital contributions received in fiscal year 2015. Additionally, the beginning of the year net position was restated due to corrections from prior years and due to the implementation of a new accounting standard. Details are discussed below within the MD&A.

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:

- The Tourism Revenue Clearing Account accumulates the tourism tax revenues received from the Arizona Department of Revenue (AZ-DOR), as generated by the Hotel Bed Tax and the Rental Car Surcharge Tax. The Authority distributes 100% of these tourism revenue receipts, in order of priority, to: the Senior Bonds Debt Service account, the Tourism Promotions account, the Cactus League Promotions account, Youth and Amateur Sports account, to the Authority's General Operations account, and to the three reserves; also in order of priority: Youth and Amateur Sports, Operations, and Capital Repair and Replacement.

- The Facility Revenue Clearing Account accumulates the revenues related to the National Football League (NFL) Franchise Income Tax revenues and those revenues derived from the operation of the Stadium including: state and local sales tax recapture, rent from the Arizona Cardinals (the Cardinals), facility use fees, food and beverage commissions, ticket surcharges from the Fiesta Bowl, and all other revenues generated by events held at the Stadium. The Authority distributes 100% of these facility revenue receipts, in order of priority, to the Senior Bond Debt Service account, to the Subordinate Bond Debt Service account, and to the Operations account.

- Senior and Subordinate Bonds 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 Promotion Account represents the activities of assisting local municipalities with the costs of financing new construction and/or 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.

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.

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

Condensed Statements of Net Position

	June 30 2015	June 30 2014
Assets		
Current assets	$ 52,527,104	$ 51,013,164
Capital assets non-depreciable	2,773,165	2,773,165
Capital assets depreciable, net	371,191,083	364,780,905
Total assets	$ 426,491,352	$ 418,567,234
Deferred Outflows of Resources		
Deferred amount on refunding of debt	$ 7,772,442	$ 8,342,960
Pension related deferred outflows	124,325	-
Total deferred outflows of resources	$ 7,896,767	$ 8,342,960
Liabilities		
Current liabilities	$ 19,015,572	$ 22,727,984
Noncurrent liabilities	435,848,071	439,542,859
Total liabilities	$ 454,863,643	$ 462,270,843
Deferred Inflows of Resources		
Pension related deferred inflows	$ 122,368	$ -
Total deferred inflows of resources	$ 122,368	$ -
Net Position		
Net investment in capital assets	$ 87,923,904	$ 76,264,260
Unrestricted	(108,521,796)	(111,624,909)
Total net position	$ (20,597,892)	$ (35,360,649)

NOTE: The Authority did NOT restate the end of fiscal year 2014 balances in the condensed statement above. Any restatements are shown as adjustments to the beginning of year net position for fiscal year 2015.

For the year ended June 30, 2015, the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition from Contributions Made Subsequent to the Measurement Date.* GASB is the Governmental Accounting Standards Board and is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. The two statements that were implemented in fiscal year 2015 establish the standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. In addition, the statements require additional disclosures of information related to pension.

The Authority adopted these standards with a chosen measurement date of June 30, 2014. The Authority made the application of these standards retroactive by adjusting the beginning net position for fiscal year 2015; and not restating fiscal year 2014. As a result, the Authority applied a negative adjustment to total net position as of June 30, 2014 in the amount of $684,770. (See footnote # 15)

A total asset change of $7,924.118 or 1.89% is the result of an increase in current assets of $1,513,940 or 2.97%. Cash and equivalents increased by $889,182; Accounts receivable increased by $613,308. These two are the result of increased 'tourism' and 'facilities' revenue receipts in fiscal 2015. Capital assets increased by $6,410,178, or 1.75% year-to-year; primarily due to the reporting and recording of the new stadium scoreboard and new LED lights in fiscal year 2015 and the prior period adjustment for new assets equaling a net $1,208,424. (See footnote #16)

Deferred outflows of resources decreased as of June 30, 2015 compared to the June 30, 2014 by $446,193, or 5.35%. This is net of $124,325 of pension-related outflows due to the implementation of the provisions of GASB Statements 68 and 71 for fiscal year 2015. The decrease of $570,518 represents the annual amortization of the deferral of both senior bonds and subordinate bonds issue costs for the fiscal year.

Total liabilities as of June 30, 2015 decreased a total of $7,407,200, or 1.60% in fiscal year 2015; as compared to fiscal year 2014.

Current liabilities decreased by $3,712,412 or 16.33%. This decrease was driven by a Youth and Amateur Sports payables decrease of $1,248,138; as 2015 was not a biennial grant year; a decrease in Cactus League payables of $2,762,665; due to the payments of principal and interest on Cactus League intergovernmental agreements with the City of Tempe and City of Scottsdale; and a $4,137,540 decrease in advanced revenue; the largest of which is a decrease in the cash balance due to the event settlement for a concert held at the Stadium in September 2014.

Non-current liabilities decreased $3,694,788 or 0.84%, year-to-year. This was the result of a decrease in Cactus League payables of $2,979,000, 2.07%; as the Authority made principal and interest payments on the Cactus League intergovernmental agreements with the City of Tempe and City of Scottsdale; Bonds principal and premiums decreased by $8,764,984, or 2.97%; as the Authority made principal and interest payments on the outstanding senior and subordinate bonds debt services; including the amortization of bond premiums for the year. These reductions were offset by the recognition of the notes payable to the AZ Cardinals for AZTA's share of the cost of the new scoreboard: (the balance as of June 30, 2015) $7,349,426 and a net pension liability of $699,770.

The implementation of the provisions of GASB Statement numbers 68 and 71 resulted in the recording of deferred inflows of resources of $122,368 in fiscal year 2015; which had not been previously recorded.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2015	2014
Operating Revenues	$ 13,518,145	$ 14,954,779
Operating Expenses	(40,034,459)	(37,903,146)
Operating Loss	(26,516,314)	(22,948,367)
Net Nonoperating Revenues	28,517,299	18,890,675
Income Before Capital Contributions	2,000,985	(4,057,692)
Capital Contributions	12,492,525	-
Change in Net Position	14,493,510	(4,057,692)
Net Position, Beginning of Year, as Previously Reported	(35,360,649)	(31,302,957)
Correction of errors	954,017	-
Implementation of new accounting standard	(684,770)	-
Net Position, Beginning of Year, as Restated	(35,091,402)	(31,302,957)
Change in Net Position	14,493,510	(4,057,692)
Net Position, End of Year	$ (20,597,892)	$ (35,360,649)

NOTE: The Authority did NOT restate the end of fiscal year 2014 balances in the condensed statement above. Any restatements are shown as adjustments to the beginning of year net position for fiscal year 2015.

Overall, from fiscal year 2014 to 2015 the increase in the change in net position of $14,762,757 / 41.75% is attributable to normal operating and non-operating conditions for the Authority; as well as adjustments to the beginning of the year net position. The corrections made to the beginning of the year (2015) net position are as follows:

- An increase of 'net' assets of $1,208,424: new asset recognition of $1,560,794 and the related depreciation expense of $352,370. (see footnote #16)
- And decreases in net positon from:
  - The recognition of the liability due to the AZ Cardinals for FUF: $254,407. (see footnote #16)
  - The implementation of a new accounting standard accounting standard $684,770. (see footnote #15)

The Authority's operating revenues decreased in fiscal year 2015 by $1,436,634, or by 9.61%. Stadium operating revenues decreased in fiscal year 2015 compared to fiscal year 2014 by $862,357 or 6.86% year-to-year. Facility and ticket use revenues were also down year-to-year in 2015 by $254,943, or 19.81%. Concessions revenues decreased in fiscal year 2015 by $326,665, 30.22% when compared to fiscal year 2014. The reason for the decrease in operating revenues is attributable to the mix of events held at the Stadium (excludes the AZ Cardinals home games and the Fiesta Bowl) and the timing of these events. In fiscal year 2015, there was a full slate of mega-events held at the Stadium. This included significant black-out periods in support of the Pro Bowl and Super Bowl due to advance staging and then tear-down after the big game. These black-out periods exclude other events from being held at the Stadium and, thus, from generating any associated operating revenues.

The Authority's operating expenses increased in fiscal year 2015 by $2,131,313 or by 5.6%. The individual components of operating expenses performed as follows in fiscal year 2015: Stadium management operations decreased in fiscal year 2015, when compared to 2014, by $436,757, or 1.96%. Insurance costs increased in fiscal year 2015 by $10,949 as a result of increased premiums, additional coverage requirements associated with major events held at the Stadium, and maintaining the Stadium designation as one of only three major stadiums in the United States with the Safety Act designation by Homeland Security. Depreciation expense increased in fiscal year 2015 vs. 2014 by $2,355,719. The remaining change is due to year-to-year variations in the other operating expenses; which are individually insignificant to the financial statements.

The Authority's non-operating revenues increased by $9,626,624 or 50.96% in fiscal 2015 vs. fiscal 2014. In fiscal year 2015, AZSTA distributed $7,553,093 in Tourism promotional dollars; $538,040 more than in 2014. Youth and Amateur Sports Grant distributions decreased by $2,003,182 in fiscal year 2015; as this was not a biennial grant year for the Authority. Hotel bed tax revenue receipts increased $2,366,909 year-to-year. Car rental surcharge tax revenues increased $2,589,216 in fiscal 2015 vs. 2014. These may be indicators that the tourism industry within Maricopa County and within the State of Arizona continue to recover from the economic recession. The tourism industry in Arizona continues as one of the state's leading industry sectors. The National Football League (NFL) income tax increased $1,468,726, 26.61% in 2015. Since the start of fiscal year 2008, the Authority has not had the benefit of this revenue source having met the guaranteed minimum, as that was repealed by the Arizona State Legislature and Executive Branches. The elimination of this guarantee leaves only the actual income taxes paid that come to the Authority. This revenue source continues to under-perform since the Authority's second year of operations when compared to the original Proposition 302 revenue projections for the Authority. Sales tax recapture/rebates to the Authority increased in 2015 by $700,540, or 8.29%. Events held at the University of Phoenix Stadium generate sales tax rebate / recapture revenues for the Authority; as the Authority receives both state and local sales tax recapture/rebate revenues from all related taxable transactions. There is an expense for fiscal year 2015 for the recording of $50,522 for facilities use fees due to the AZ Cardinals; as per the terms of the FUF Agreement. Interest expense increased by $182,913 during fiscal year 2015 as compared to fiscal year 2014. This interest is driven by both the senior bonds debt service and the subordinate bonds debt service.

In fiscal year 2015, the Authority reports $12,492,525 in capital contributions; as the result of the booking of new assets

Capital Assets (Note 6)

The Authority had significant additions to capital assets during fiscal year 2015 totaling $22,209,729 inclusive of the addition of the new scoreboard ((AZ Cardinals capital contribution $12,492,525 before depreciation) and an associated liability for the Authority's share of the cost $8,152,500)), Stadium WiFi $9,433,137; and LED lighting system for the Stadium was $832,058, before depreciation).

Debt Obligations (Note 9)

The Authority outstanding debt obligations decreased in fiscal year 2015 due to the payments made throughout the year for both the senior and subordinate bonds debt service.

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

BUDGET Narrative / Brief:

Fiscal year 2015 was an exceptional year for the Authority's revenue receipts:

- Tourism revenue receipts exceeded the fiscal year 2015 budget forecast by $6,441,980, 24.69%: Hotel Bed Tax $2,782,268, 20.22% better than budget and Car Rental Surcharge Tax $3,659,712, 29.67% better than budget.
- Facilities revenue receipts exceeded the fiscal year 2015 budget forecast by $2,642,752, 16.94%: Food & beverage commissions $389,071, 106.56% better than budget and Sales Tax rebate/recapture $2,253,873, 32.67% better than budget.

These results were primarily due to the Stadium having been the "host" for both the Pro Bowl and Super Bowl in fiscal year 2015; therein driving the tourism revenues (hotels and rental cars) higher across Maricopa County and generating more business-generating sales tax transactions via ticket and merchandise and food and beverage sales.

Actual fiscal year 2015 operating expenses exceeded the fiscal year budget by $118,109. Game day expenses (Fiesta Bowl + AZ Cardinals) exceeded budget by $16,684 / 0.50%; and administrative operating expenses for SPECTRA + the Authority aggregated to be less than the fiscal year 2015 budget by $15,794.

For fiscal year 2016, the Authority continues to utilize a conservative revenue forecast – particularly in our primary revenue source – Tourism Revenues. The budget for the fiscal year 2016 tourism revenues is $5,789,727 less than the actual revenues from fiscal 2015. This is due to the timing of the fiscal year 2016 budget creation and submission, the aforementioned conservative approach to revenue forecasting, and the inclusion of a $1.2 million adjustment received in tourism revenues in October 2014 that 'inflated' fiscal year 2015 revenue receipts. The Authority does not believe that the 2015 revenue results will be duplicated again in fiscal year 2016.

There are projected increases in several of the Facility-related revenues in fiscal year 2016. Again, these are modest increases at just over 0.8% year-over-year vs. actual receipts in fiscal year 2015.

Looking ahead, the Authority continues to forecast that it may take another four to five years before we are back to the year-to-year tourism revenue growth that was seen in the pre-recession years. Unfortunately, this continues to put the Authority further behind / significantly below the original Proposition 302 thirty-year tourism revenue forecast. As a result, the Authority has not been able to meet the full statutory 'waterfall' distributions each month for those distributions recipients that are below tourism promotions in the 'waterfall' priorities: i.e. cactus league promotion, youth and amateur sports programs, operations, and reserves.

We continue to forecast a series of operating deficits in both the near-term and the long-term. However, the Authority does anticipate that its current operating cash reserves will continue to be adequate to fund operations throughout the foreseeable future.

Future Tourism Revenue Distribution

In fiscal year 2000, the Arizona Legislators passed Arizona Revised Statutes Title 5 – Chapter 8. This legislation provides the authority to the Arizona Sports & 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 "maximums" for each distribution to Tourism, Cactus League and YAS on a monthly basis. The Authority follows a "waterfall" approach to the distribution to each priority during each month of a fiscal year. This priority and the maximum limits are defined by statute.

During fiscal year 2015, the Authority's receipts of Tourism revenues was not adequate to distribute down the entire 'waterfall' to fulfill all of the statutory distribution amounts each month; as projected in the original Proposition 302. Tourism Promotions can within 0.29% of being fully funded at the statutory maximum of distributions in fiscal year 2015. However, those distribution buckets further down the 'waterfall' (Cactus League promotions, Youth and Amateur Sports, Operations, and the reserves) received only a portion of their respective total statutory distributions.

The Authority received $30.53 million (June 2014 – May 2015) in total Tourism revenues for 'waterfall' distributions in fiscal year 2015 (July 2014 – June 2015); vs. the original Proposition 302 projection for fiscal year 2015 $35.152 million. The Authority distributed these Tourism revenues as follows in fiscal year 2015:

	$ Millions
Senior Bond	9.9
Tourism	7.6
Cactus League (Sub Bond DS included)	5.5
Youth & Amateur Sports	1.4

The Authority continues to project that the Tourism revenue receipts will not be enough to fully fund 100% of the statutory "waterfall" distributions each month in fiscal years 2016 – 2020.

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.

Assets	
Current Assets	
Cash and equivalents - restricted	$ 43,251,042
Cash and equivalents - restricted for subordinate bond reserve	1,248,604
Accounts receivable - restricted	7,975,662
Other assets	51,796
Total current assets	52,527,104
Noncurrent Assets	
Capital assets, non-depreciable	2,773,165
Capital assets, depreciable, net	371,191,083
Total noncurrent assets	373,964,248
Total assets	$ 426,491,352
Deferred Outflows of Resources	
Deferred amount on refunding of debt	7,772,442
Pension related deferred outflows	124,325
Total deferred outflows of resources	7,896,767
Liabilities	
Current Liabilities	
Accounts payable	$ 932,181
Accrued expenses	883,979
Youth and Amateur Sports grants payable	178,830
Bond principal payable	7,270,000
Bond interest payable	6,658,231
Arizona Cardinals facilities use fee payable	304,929
Arizona Cardinals note payable	1,164,643
Advanced revenue	1,622,779
Total current liabilities	19,015,572
Noncurrent Liabilities	
Cactus League payable	141,256,089
Bonds principal and premiums payable	286,542,786
Arizona Cardinals note payable	7,349,426
Net pension liability	699,770
Total noncurrent liabilities	435,848,071
Total liabilities	454,863,643
Deferred Inflows of Resources	
Pension related deferred inflows	122,368
Total deferred inflows of resources	122,368
Net Position	
Net investment in capital assets	87,923,904
Unrestricted	(108,521,796)
Total net position	$ (20,597,892)

Operating Revenues	$ 13,518,145
Operating Expenses	
Stadium operating expenses	21,824,823
Authority operating costs	1,201,661
Depreciation	17,007,975
Total operating expenses	40,034,459
Operating Loss	(26,516,314)
Nonoperating Revenues	
Hotel bed tax	16,539,072
Rental car tax	15,993,030
NFL income tax	6,987,979
Sales tax recapture	9,152,343
Interest income	1,380
Total nonoperating revenues	48,673,804
Nonoperating (Expenses)	
Arizona tourism distribution	(7,553,093)
Youth and Amateur Sports grant (awards)/recovery	218,568
Arizona Cardinals facilities use fee expense	(50,522)
Interest expense	(12,754,065)
Other expense	(17,393)
Total nonoperating (expenses)	(20,156,505)
Total net nonoperating revenues	28,517,299
Income before capital contributions	2,000,985
Capital contributions	12,492,525
Change in Net Position	14,493,510
Net Position, Beginning of Year (as previously reported)	(35,360,649)
Correction of an error (Note 16)	1,208,424
Correction of an error (Note 16)	(254,407)
Implementation of new accounting standard (Note 15)	(684,770)
Net Position, Beginning of Year (as restated)	(35,091,402)
Change in Net Position	14,493,510
Net Position, End of Year	$ (20,597,892)

Cash Flows from Operating Activities	
Cash received from events (Stadium operations)	$ 9,007,171
Cash paid for events (Stadium operations)	(21,980,925)
Cash paid for employees	(562,678)
Cash paid for other operating expenses	(375,022)
Net Cash used for Operating Activities	(13,911,454)
Cash Flows from Non-Capital Financing Activities	
Payments to the Arizona Office of Tourism	(7,553,093)
Payments for Youth and Amateur Sports	(1,029,570)
Payments for Cactus League	(5,741,665)
Receipts from hotel bed tax	16,423,990
Receipts from rental car tax	15,816,926
Receipts from NFL income tax	6,987,979
Receipts from sales tax recapture	9,187,356
Cash paid for interest	(13,402,963)
Net Cash from Non-Capital Financing Activities	20,688,960
Cash Flows from Capital and Related Financing Activities	
Cash paid for capital additions	(1,564,704)
Cash paid on bond principal	(4,325,000)
Net Cash used for Capital and Related Financing Activites	(5,889,704)
Cash Flows from Investing Activities	
Cash from interest earned	1,380
Net Cash from Investing Activities	1,380
Net Change in Cash and Equivalents	889,182
Cash and Cash Equivalents, Beginning of Year	43,610,464
Cash and Cash Equivalents, End of Year	$ 44,499,646
Cash and Cash Equivalents	
Cash and equivalents - restricted	$ 43,251,042
Cash and equivalents - restricted for subordinate bond reserve	1,248,604
Total	$ 44,499,646

Operating Activities	
Operating loss	$ (26,516,314)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	17,007,975
Changes in operating assets and liabilities	
Accounts receivable	(361,984)
Other assets	(11,450)
Accounts payable	223,516
Accrued expenses	(115,657)
Advanced revenue	(4,137,540)
	$ (13,911,454)
Supplemental Disclosures of Noncash Capital and Financing Activities	
Capital assets acquired through contribution from the Arizona Cardinals	12,492,525
Capital assets acquired through note payable to the Arizona Cardinals	8,152,500
Total noncash capital and financing activities	$ 20,645,025

With the implementation of GASBs 68 and 71 in fiscal year 2015, the assumptions made by the actuary, the changes in proporations, the deferral of pension contributions and the changes in the net pension liability that impacted the Net Position and the Statements of Revenues, Expenses, and Changes in Net Position as follows:

Deferred outflows of resources	
Pension	$ (124,325)
Liabilities	
Net pension liability	699,770
Deferred inflows of resources	
Pension	122,368
Net position	
Unrestricted	(684,770)
Operating expenses	
Payroll	(13,043)
	$ -

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 to, among other things:

- construct, finance, furnish, maintain, improve, own, operate, market, and promote the use of the University of Phoenix Stadium (the 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;

- 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

- 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's Board of Directors is comprised of nine citizens of Maricopa County who volunteer their time and accept no compensation or per diem. The Board members are appointed to five-year terms by the Governor (five members), the President of the Senate (two members) and the Speaker of the House (two members), and are eligible to serve two terms. Board appointees are appointed to achieve a balanced representation of the Valley's regions as well as the Tourism Industry, Cactus League, Valley Hotel Industry and Youth Sports.

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 consolidated in the Authority's financial statements. The Authority's management agreement with Global expires on June 30, 2016.

Rojo Hospitality Group, LLC operates as an independent service provider to the Authority and provides catering and concession services throughout the Stadium. The Authority's agreement with Rojo Hospitality Group, LLC expires on June 30, 2016.

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 in August 2006. 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.

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 enterprise units adopted by the Governmental Accounting Standards Board (GASB). A summary of significant accounting policies follows.

The financial statements are reported 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 related cash flows.

Enterprise units 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 Stadium; revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods. The reclassifications had no impact on previously reported net assets.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly-liquid investments with an original maturity of three months or less. All cash is restricted for disbursement in accordance with the Arizona Revised Statutes Title 5 Chapter 8.

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.

Other receivables include approximately $290,984, in insurance proceeds receivable related to damages to the building which occurred in fiscal year 2011. The insurance carrier and other parties involved are currently in litigation to determine the party responsible for payment of the receivable.

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, 2015, the Authority has estimated and recorded an estimated allowance of $290,984.

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 or the fair market value on the date of donation. 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 the statement of revenues, expenses, and changes in net position.

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. No impairments occurred in fiscal year 2015.

Deferred Outflows of Resources

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2015, deferred outflows of resources consisted of deferred amounts on refunding of debt, net of accumulated amortization, in the amount of $7,772,442.

Contributions made by the Authority to its pension plan since the measurement date of the plan's net pension liability, the difference between expected and actual experiences in the plan, and changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan are reported as pension related deferred outflows of resources. The contributions made since the measurement date of the plan will be recognized when the time period in which the contributions were made are encompassed by the plan. The difference between expected and actual experiences in the plan, and the changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan are amortized over the estimated remaining work-life of active participants in the plan and recognized as a reduction of pension expense. As of June 30, 2015, there was $124,325 in deferred outflows related to pension expense, net of accumulated amortization. See Note 12 for additional information and disclosures related to the pension plan.

Deferred Inflows of Resources

The difference between projected and actual investment earnings of the pension plan are presented as pension related deferred inflows of resources. This differences is amortized over five years and recognized as a component of pension expense. As of June 30, 2015, $122,368 of deferred inflows related to pension expense, net of accumulated amortization. See Note 14 for additional information and disclosures related to the pension plan.

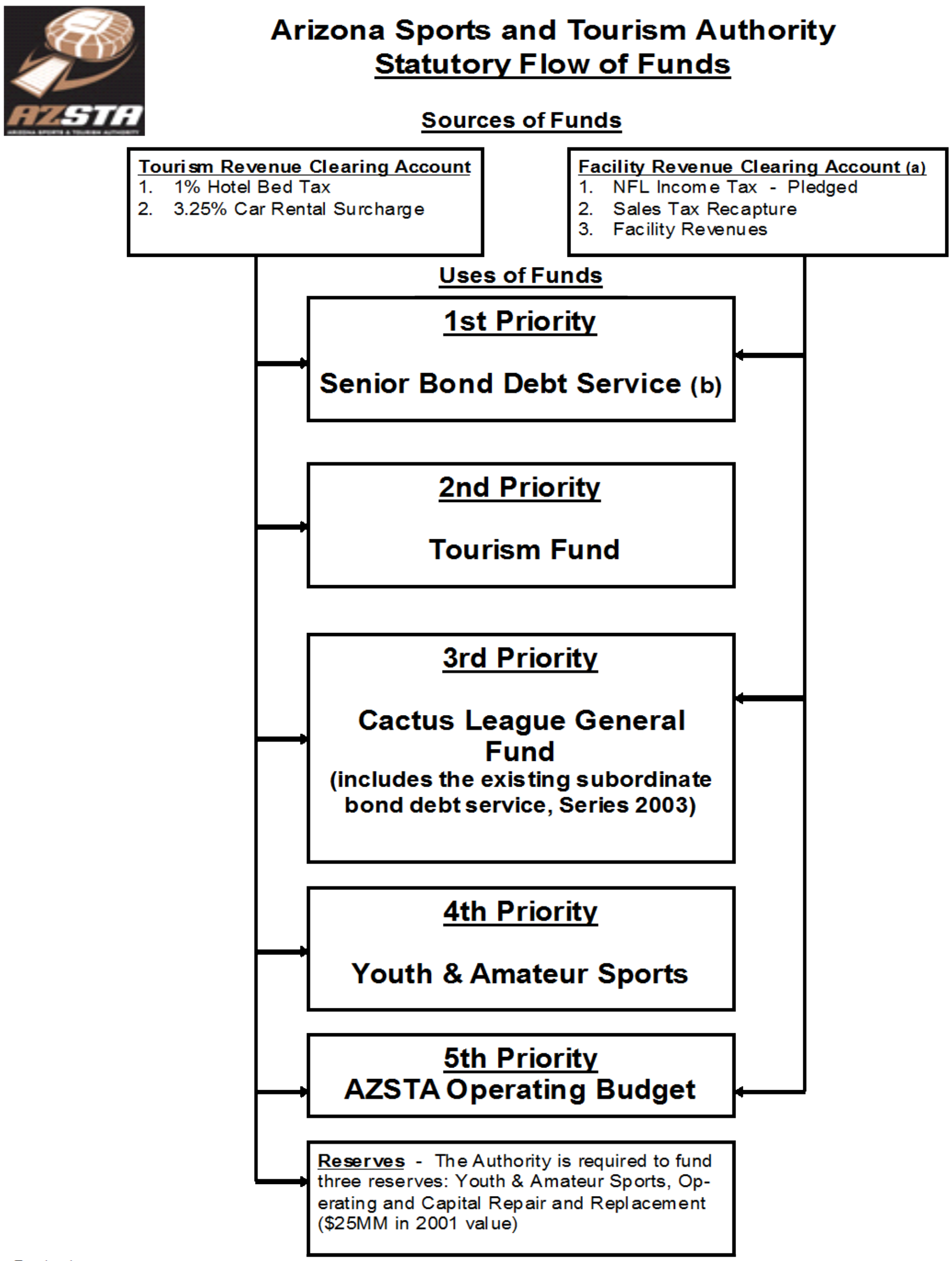
Revenue Recognition

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%, less $2.50 per rental agreement, surcharge on applicable rental car contracts in Maricopa County.
- The hotel bed tax is a 1% 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. Revenues come from a variety of activities including building rents, concessions and catering, novelties, exhibitor services and other miscellaneous revenues.
- Facility use rentals are amounts paid by the Arizona Cardinals and the Fiesta Bowl for their use of the Stadium. The Arizona Cardinals annual rent started at $250,000 per year in 2010 and grows by 2% per year thereafter. The Fiesta Bowl pays a ticket surcharge which started at $2.50 per ticket in 2010 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.



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 in 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 5% 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 received $1.0 million in its first 12 months increased 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 Global. 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, Arizona 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.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) in which the Authority participates. Additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of July 1, 2014, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 15 and the additional disclosures required by these standards are included in Note 14.

Note 3 - Cash and Cash Equivalents

Custodial credit risk is the risk that an entity will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party if the counterparty fails. The Authority maintains deposits with outside parties that are in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits of $250,000.

At June 30, 2015, the Authority's commercial money market accounts totaled $18,507,893. These accounts were not collateralized or insured.

Note 4 - Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2015:

Operating accounts receivable	$ 936,924
Hotel bed tax	2,111,398
Car rental surcharge	1,727,567
Sales tax recapture	3,199,773
	$ 7,975,662

Note 5 - Restricted Assets

Restricted assets consisted of the following at June 30, 2015:

Cash and cash equivalents	$ 44,499,646
Receivables	7,975,662
	$ 52,475,308

Note 6 - Capital Assets

Capital asset activity consisted of the following:

	July 1, 2014	Correction of an Error (Note 16)	Additions	Disposals	June 30, 2015
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 scoreboard	-	1,244,899	10,911,388	-	12,156,287
Stadium WiFi	-	315,895	9,433,137	-	9,749,032
Stadium FF&E	9,643,713	-	58,506	-	9,702,219
Stadium security	-	-	973,311	-	973,311
Stadium lighting	-	-	832,058	-	832,058
Computer equipment	138,582	-	1,329	-	139,911
Furniture and fixtures	133,563	-	-	-	133,563
Office equipment	75,616	-	-	-	75,616
Capitalized software	10,621	-	-	-	10,621
	486,356,015	1,560,794	22,209,729	-	510,126,538
Less accumulated depreciation:					
University of Phoenix Stadium	(113,629,663)	-	(13,415,262)	-	(127,044,925)
Stadium scoreboard	-	(326,045)	(1,736,612)	-	(2,062,657)
Stadium WiFi	-	(26,325)	(1,392,719)	-	(1,419,044)
Stadium FF&E	(7,648,736)	-	(294,749)	-	(7,943,485)
Stadium security	-	-	(81,109)	-	(81,109)
Stadium lighting	-	-	(69,338)	-	(69,338)
Computer equipment	(77,365)	-	(17,733)	-	(95,098)
Furniture and fixtures	(133,563)	-	-	-	(133,563)
Office equipment	(75,615)	-	-	-	(75,615)
Capitalized software	(10,168)	-	(453)	-	(10,621)
	(121,575,110)	(352,370)	(17,007,975)	-	(138,935,455)
	$ 367,554,070	$ 1,208,424	$ 5,201,754	$ -	$ 373,964,248

Note 7 - Facilities Use Fees Payable

In accordance with the Facilities Use Fee (FUF) Agreement dated August 15, 2005, as of January 1, 2012 and on an annual basis the Authority shall apply or distribute all FUF revenues and City of Glendale sales tax recapture revenues collected in excess of original Series 2005A Senior bond debt service scheduled for the fiscal year and an agreed upon maintenance and capital repair charge to the Arizona Cardinals (the Cardinals) for the reimbursement of costs previously incurred by the Cardinals for on-site improvements and for the purchase of the 165 acres of land on which the Stadium and its adjacent parking reside. The Authority has determined that a liability exists as of June 30, 2015, in the total amount of $304,929.

Note 8 - Cactus League Payable

The Authority, through its Cactus League promotional account, provides financing assistance to cities in Maricopa County which host Major League Baseball spring training teams. The Authority has committed to funding certain project costs subject to fund availability under government mandate A.R.S. Section 5-808.

In accordance with GASB Statement Number 33 *Accounting and Financial Reporting for Nonexchange Transactions*, the Authority has determined these are voluntary, nonexchange transactions contingent upon eligibility criteria set forth in the agreements. Prior to fiscal year 2013, satisfaction of the eligibility criteria was estimated as the passage of time and obligations where therefore also recognized with the passage of time. During fiscal year 2013, management revised its estimate and determined that the eligibility criteria is met only when funds are readily available for payment and thus began recognizing the obligations only when those funds became readily available. Obligations recognized are classified as current when funds are available for immediate payment. Remaining obligations are classified as non-current.

Tempe

The Authority committed a maximum of $12 million, not to exceed 60% of the total project costs, to the City of Tempe in November 2004. The City of Tempe project was completed in February 2006. The Authority began recognizing accrued interest in fiscal year 2005 related to this commitment. In fiscal year 2013, due to the revised estimate described above, the Authority discontinued recognizing the accrued interest and will recognize interest when it is paid. The Authority began to repay its commitment to Tempe in fiscal year 2005 from available Cactus League Maricopa County Stadium (MCSD) and Tourism Revenue funds related to its car rental surcharge revenues. As of June 30, 2015, the Authority has a remaining commitment balance of $10,773,934. The commitment balance for which eligibility criteria has been met, $10,287,545, as of June 30, 2015, has been fully recognized on the statement of net position.

Scottsdale

The Authority committed a maximum of $20 million, approximately 67% of the expected total project costs, 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 recognizing accrued interest in fiscal year 2005 related to this commitment. In fiscal year 2013, due to the revised estimate described above, the Authority discontinued recognizing the accrued interest and will recognize interest when it is paid. The Authority began to repay its commitment to Scottsdale in fiscal year 2005 from available Cactus League Maricopa County Stadium (MCSD) and Tourism Revenue funds related to its car rental surcharge revenues. As of June 30, 2015, the Authority has a remaining commitment balance of $17,031,519. The commitment balance for which eligibility criteria has been met, $16,421,881, as of June 30, 2015, has been fully recognized on the statement of net position.

Goodyear

The Authority committed a maximum of $37,375,000, not to exceed 50% of the total project costs, to Goodyear in January 2007 for 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. The Authority began recognizing accrued interest in fiscal year 2009 related to this commitment. In fiscal year 2013, due to the revised estimate described above, the Authority discontinued recognizing the accrued interest and will recognize interest when it is paid. As of June 30, 2015, the Authority has a remaining commitment balance of $48,756,936 as of June 30, 2015. The commitment balance for which eligibility criteria has been met, $43,766,898 as of June 30, 2015, has been fully recognized on the statement of net position.

On April 7, 2008, the Authority's Board of Directors approved Resolution No. 2008-75 which provided an additional maximum of $32,458,333 commitment to the City of Goodyear if certain eligibility criteria are met. In accordance with GASB Statement Number 33 *Accounting and Financial Reporting for Nonexchange Transactions*, the primary eligibility criteria requires a renewal or extension of the Authority's current revenues or creation of a new funding source available for the Cactus League promotional account. Therefore, this agreement will not be recognized in the financial statements until such time as the eligibility criteria is satisfied.

Glendale

The Authority committed $60,045,318, not to exceed two-thirds of the total project costs, to Glendale in August 2007 for 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. The Authority began recognizing accrued interest in fiscal year 2009 related to this commitment. In fiscal year 2013, due to the revised estimate described above, the Authority discontinued recognizing the accrued interest and will recognize interest when it is paid. As of June 30, 2015, the Authority has a remaining commitment balance of $77,871,210. The commitment balance for which eligibility criteria has been met, $70,779,765, as of June 30, 2015, has been fully recognized on the statement of net position.

Phoenix

The Authority committed to a maximum of $1,023,466, not to exceed two-thirds of the total project costs, to the City of Phoenix in fiscal year 2013 for constructing a stadium and practice facility for the Milwaukee Brewers. The stadium and related practice facility are currently under construction. The Authority has not recognized the commitment or accrued interest as described above. As of June 30, 2015, the Authority has a remaining commitment balance of $1,085,966. The eligibility criteria has not been met, and, therefore, the commitment has not been recognized on the statement of net position.

Mesa

Effective in fiscal year 2014, the Authority committed to a maximum of $8,200,000, not to exceed two-thirds of the total project costs, to the City of Mesa to partially fund the Hohokam Stadium Renovation Project. The Authority has not recognized the commitment or accrued interest as described above. As of June 30, 2015, the Authority has a remaining commitment balance of $8,683,755. The eligibility criteria has not been met, and, therefore, the commitment has not been recognized on the statement of net position.

Peoria

The Authority committed to a maximum of $11,198,447, not to exceed two-thirds of the total project costs, to the City of Peoria in fiscal year 2014 to partially fund the renovation of a stadium and practice facility for the Seattle Mariners and San Diego Padres. As of June 30, 2015, the Authority has a remaining commitment balance of $12,293,973. The eligibility criteria has not been met, and, therefore, the commitment has not been recognized on the statement of net position.

The following obligations were recognized as of June 30:

Payable to City of Tempe, accruing interest at 4.397%, payment determined from available excess car rental surcharge revenues with final payment projected to be made in 2021.	$ 10,287,545
Payable to City of Scottsdale, accruing interest at 4.454%, payment determined from available excess car rental surcharge revenues with final payment projected to be made in 2021.	16,421,881
Payable to City of Goodyear, accruing interest at 4.773%, payments projected to begin in 2021 after repayment of City of Tempe and City of Scottsdale liabilities.	43,766,898
Payable to City of Glendale, accruing interest at 4.130%, payments projected to begin in 2021 after repayment of City of Tempe and City of Scottsdale liabilities.	70,779,765
	$ 141,256,089

Note 9 - Bonds Payable

Senior Bonds - Stadium Construction Related Bonds

Series 2007A

In January 2007, the Authority issued $90,000,000 in senior revenue refunding bonds Series 2007A for the purpose of the 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% to 5.00%. The amount defeased and outstanding of the bonds refunded in the 2007A issuance is $85,545,000.

Series 2012A

In June 2012, the Authority issued $176,740,000 in Series 2012A senior revenue refunding bonds for the purpose of advance refunding of Series 2008 and remaining series 2003A bonds. The Series 2012A bonds mature between 2016 and 2037 and carry a coupon rate of 4.95%. The amount defeased and outstanding of the refunded bonds as of June 30, 2015 is $170,295,000.

Subordinate Bonds – Cactus League Related Bonds

Series 2013

On April 3, 2013, the Series 2013 refunding bonds were issued in advance refunding of the Series 2003 subordinate tax revenue bonds. The bonds carry interest between 4% and 5% through 2016. This resulted in an economic gain which is being amortized over the life of the bonds and presented as a deferred outflow of resources in the statement of net position. A bond reserve in the amount of $12,485,000 was established with the Bank of New York Mellon using bond proceeds at the time of issuance. This amount has been reduced through debt payments as required per the bond indenture. The amounts defeased and outstanding of the refunded bonds as of June 30, 2015 and 2014 is $4,585,000.

A subordinate bond reserve is required under the terms of the indenture governing the subordinate bonds. This reserve was established prior to the refunding by the Authority for other debt service purposes in February 2008 in the amount of $3,240,000. Payments on other debt have been made from the reserve account in accordance with other debt agreements since its establishment. There are no additional funding requirements of the reserve. As of June 30, 2015, the balance of the reserve account is $1,248,604.

The Authority's bonds payable consisted of the following as of June 30, 2015:

Senior Revenue Refunding Bonds (Multipurpose Stadium Facility Project) Series 2007A, interest from 4.00% to 5.00%, payable semi-annually through July 2024.	$ 88,420,000
Senior Revenue Advance Refunding Bonds (Multipurpose Stadium Facility Project) Series 2012A, interest from 4.00% to 5.00%, payable semi-annually through July 2036.	176,740,000
Subordinate Tax Revenue Refunding Bonds Refunding Series 2013, interest from 4.00% to 5.00%, payable semi-annually through July 2016.	8,515,000
	273,675,000
Less current portion of bonds payable	(7,270,000)
	266,405,000
Plus unamortized premium	20,137,786
	$ 286,542,786

Debt service requirements subsequent to June 30, 2015 are as follows:

Year Ending June 30,	Principal Maturities	Interest	Total
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	10,560,000	11,970,000	22,530,000
2020	11,735,000	11,422,875	23,157,875
2021-2025	69,730,000	47,690,888	117,420,888
2026-2030	89,870,000	28,532,250	118,402,250
2031-2035	57,235,000	7,130,125	64,365,125
2036-2037	9,955,000	501,375	10,456,375
	$ 273,675,000	$ 145,629,358	$ 419,304,358

Per the existing bond covenants, the Authority is to maintain a minimum bond coverage ratio of 1.30 and 1.15, respectively, for the 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.

Note 10 - Arizona Cardinals Note Payable

On March 31, 2014, the Authority entered an agreement with the Cardinals to fund the installation of a new scoreboard at the Stadium during fiscal year 2015 at a cost of $8,152,500, plus 3.55% interest. In fiscal years in which revenues are at least 103.5% of the prior year revenues, payments of $1,164,643 will be made. In years in which less than 103.5% of the prior year revenues are recognized, Rojo Event Management revenues in excess of targeted qualified amounts ($750,000 per year as of and for the year ended June 30, 2015) as defined in the event management agreement with Rojo Event Management will be made in payment. The amount outstanding as of June 30, 2015, is $8,514,069, including accrued interest.

Note 11 - Noncurrent Liabilities

Liability activity was as follows for the year ended June 30, 2015:

	July 01, 2014	Additions	Reductions	June 30, 2015	Amounts Due within One Year
Cactus League payable	$ 146,997,754	$ -	$ (5,741,665)	$ 141,256,089	$ -
Bonds principal and premiums	299,632,770	-	(5,819,984)	293,812,786	7,270,000
Net pension liability	-	699,770	-	699,770	-
Arizona Cardinals note payable	-	8,514,069	-	8,514,069	1,164,643
Total	$ 446,630,524	$ 9,213,839	$ (11,561,649)	$ 444,282,714	$ 8,434,643

Note 12 - Sources of Pledged Revenues

The following are the revenue sources pledged relating to the senior bonds for the year ended June 30, 2015:

Hotel bed tax	$ 16,539,072
Rental car tax	15,993,030
NFL income tax	6,987,979
Sales tax recapture	9,152,343
Other stadium revenue	1,805,590
	$ 50,478,014

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 Maricopa County Stadium District's annual excess car rental surcharge revenues exclusively for the Authority's Cactus League promotional purposes. These funds, in turn, are used by the Authority in payment of the commitments to the cities as described in Note 8.

Note 13 - 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. Initially, this obligation was $4.0 million annually beginning in June 2001. This annual amount is increased by 5% per year thereafter. Expense related to the distribution to AZOT was $7,553,093 for the year ended June 30, 2015.

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. Per this agreement, Rojo collects all gross concession revenues on behalf of and for the Authority and, out of such gross revenues, remits the agreed upon gross revenue percentage to the Authority for events (other than Arizona Cardinals home games and the Fiesta Bowl).

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, per statute, 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 per twelve month period beginning in June 2001 and increasing by $100,000 annually thereafter. The Authority has $5,660,479 as of June 30, 2015, in cash balances allocated to youth and amateur sports.

Note 14 - Defined Benefit Plan

Plan Description

The Authority's employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes is financial statements and required supplementary information. The report is available on its web site at www.azasrs.gov.

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equal 80 10 years; age 62 5 years; age 50* Any years age 65	30 years; age 55 25 years; age 60 10 years; age 62 5 years; age 50* Any years; age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit% per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6% (11.48% for retirement and 0.12% for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6% (10.89% for retirement, 0.59% for health insurance premium benefit, and 0.12% for long-term disability) of the active members' annual covered payroll. The Authority's contributions to the pension plan for the year ended June 30, 2015, were $49,901. The Authority's contributions for the current and 2 preceding years for health and long-term disability benefits, all of which were equal to the required contributions, were as follows:

Year ended June 30:	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$ 2,703	$ 551
2014	2,558	1,013
2013	2,534	1,013

Pension Liability

At June 30, 2015, the Authority reported a liability of $699,770 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using the update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2014. The Authority's proportion measures of June 30, 2014, was 0.004729%, which was an increase of 0.000336% from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, the Authority recognized pension expense for ASRS of $71,592. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 35,564	$ -
Net difference between projected and actual investment earnings		122,368
Changes in proportion and differences between the Authority's contributions and prorportionate share of contributions	38,860	-
The Authority's contributions subsequent to the measurement date	49,901	-
Total	$ 124,325	$ 122,368

The $49,901 reported as deferred outflows of resources related to ASRS pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30:	Amortization of Deferred Outflows	Amortization of Deferred Inflows	Net Amortization of Pension Related Deferrals
2016	$ 32,357	$ 30,592	$ 1,765
2017	32,357	30,592	1,765
2018	9,710	30,592	(20,882)
2019	-	30,592	(30,592)
Total	$ 74,424	$ 122,368	$ (47,944)

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

Acturaial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class		
Equity	63%	4.43%
Fixed income	25%	0.80%
Real estate	8%	0.18%
Commodotieis	4%	0.38%
Total	100%	5.79%
Inflation		3%
Expected arithmetic nominal return		8.79%

Discount Rate

The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.79%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statue. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of the net pension liability	$ 884,474	$ 699,770	$ 599,559

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report which is available at http://www.azasrs.gov.

Note 15 - Adoption of New Standards

As of July 1, 2014, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as wells as the correction of errors described in Note 16, as follows:

Net Position at June 30, 2014, as previously reported	$ (35,360,649)
Implementation of New Accounting Standard (Note 15)	
Net Pension Liaiblity at June 30, 2014	(730,385)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	45,615
Capital assets previously not recorded, net (Note 16)	1,208,424
Arizona Cardinals faciltities use fee payables (Note 16)	(254,407)
Net Position at July 1, 2014, as restated	$ (35,091,402)

Note 16 - Correction of Errors

During fiscal year ended June 30, 2015, several assets were identified as additions to capital assets, contributed by the Arizona Cardinals. It was determined that certain of these assets were contributed in previous fiscal years but not recorded in those years. As such, the net position as of the beginning of the fiscal year has been restated in the amount of $1,208,424 to include these capital assets, related depreciation expense and contribution revenue in previous years.

In accordance with the Facilities Use Fee (FUF) Agreement dated August 15, 2005, as of January 1, 2012 and on an annual basis the Authority shall apply or distribute all FUF revenues and City of Glendale sales tax recapture revenues collected in excess of original Series 2005A Senior bond debt service scheduled for the fiscal year and an agreed upon maintenance and capital repair charge to the Arizona Cardinals (the Cardinals) for the reimbursement of costs previously incurred by the Cardinals for on-site improvements and for the purchase of the 165 acres of land on which the Stadium and its adjacent parking reside. The Authority calculated the excess revenue collected for fiscal years 2015, 2014, and 2013 and determined that a liability exists as of June 30, 2015, in the total amount of $304,929. As a result of the calculation, the Authority also recognized an adjustment to beginning net position in the amount of $254,407, to account for the amounts owed to the Cardinals from previous years' activity.

The effect of the restatements are described in Note 15.

Note 17 - Subsequent Event

On September 16, 2015, the Authority's Board of Directors authorized the Authority to enter into an agreement with the Phoenix Final Four Local Organizing Committee in which the Authority will lend a total of $250,000 in five bimonthly payments of $50,000, beginning in September 2015. The loan will accrue interest at 3.25% and is to be repaid in September 2016.

Supplementary Information
June 30, 2015

ARIZONA SPORTS & TOURISM AUTHORITY

Schedule of the Authority’s Proportionate Share of the Net Pension Liability
June 30, 2015

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Authority's proprotion of the net pension liability	0.004729%	Information
Authority's proportionate share of the net pension liability	$ 699,770	not
Authority's covered-employee payroll	426,959	Available
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.90%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

Schedule of the Authority’s Pension Contributions
June 30, 2015

	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Statutorily required contribution	$ 49,901	$ 45,615	Information
Authority's contributions in relation to the statutorily required contribution	49,901	45,615	not Available
Authority's contribution deficiency (excess)	-	-	
Authority's covered-employee payroll	468,757	426,959	
Authority's contributions as a percentage of covered-employee payroll	10.65%	10.68%	