

**Fiscal Year 2003
Budget**

Tourism & Sports Authority

Fiscal Year 2003
Budget

Presented to the
Board of Directors
June 2002

Presented by,
Ted A. Ferris,
President and CEO
and
Charles Foley,
Chief Financial Officer

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Senate Bill 1220, Article 2. Financial Provisions, Section 5-831. Annual Budget outlines eight requirements for the Board of Director's consideration in order to adopt a budget. These eight requirements are listed below with references to the section(s) and page(s) that apply.

ANNUAL BUDGET REQUIREMENT	SECTION	PAGE
Prior fiscal year receipts	Section 2.1	5
Prior fiscal year expenditures	Section 2.1	5
<u>Next fiscal year's estimated expenditures including:</u>		
➤ Costs of planning, constructing, financing, maintaining, operating and managing a multipurpose facility	Section 3	6 – 9
➤ Promotional and marketing expenses	Section 5.5	20 – 25
➤ Administrative costs	Section 5.5	20 – 25
Next fiscal year's estimated revenues	Section 6.2	27
Statement of Net Assets (Asset & Liability)	Section 6.1	26
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OVERVIEW

It is our privilege to provide you with the second annual budget for the Tourism and Sports Authority. Our guideline for the completion of this package comes in the authority of Section 5-831 Arizona Revised Statute (ARS). The sections included in this package for FY2003 have been arranged to closely match the eight annual budget requirements outlined in Senate Bill 1220.

The U. S. economy has experienced a number of setbacks over the past eighteen months and has recently started to emerge from what has been termed a short-term recession. The events of last September 11th and their effects continue to be felt in our local Arizona economy. Due to these events we have incorporated into the FY2003 budget a conservative approach to forecasting our tourism revenues. There is a general consensus among tourism consultants that it will take the next 24 – 36 months to return to 2001's tourism revenue. We have built this assumption into our hotel bed tax and car rental surcharge forecasts for the upcoming fiscal year.

The negative economic effects on the Authority's revenue streams were compounded by unanticipated expenditures for three major events – 1. the FAA hazard ruling for the Tempe site and the eventual abandonment of the site (Tempe has appealed the FAA's decision and a ruling is expected shortly), 2. the John F. Long lawsuit and 3. the re-opened site selection process. In addition to the administrative, legal and consulting costs associated with these events, the Authority lost an opportunity last fall to issue bonds at the lowest rates in the past thirty years for both the Surprise, Arizona Cactus League facility and the multipurpose facility (we have conservatively estimated an additional financing cost of at least \$12 million in net present value dollars due to the delays).

The Authority, however, is weathering the storm in large part due to its many partners in the various projects. We have continued to press forward on all fronts with the cooperation and understanding of our partners. In the face of many diversities we remain encouraged and continue to work hard toward completing our mission.

The FY2003 budget contains changes based on legislation passed by the state legislature this past session. The primary financial impacts are in the funding of youth and amateur sports ahead of the Authority's operating budget, creating a youth and amateur sport's reserve account, increasing the state's oversight of the Authority and returning \$2.2 million of the tourism fund distributions to the state's general fund in FY2003.

It is our objective to grow our staff in the marketing area as we move forward through FY2003. However, due to revenue-related budgetary constraints, we will be vigilant and only add staff when it is clear that revenues are more than adequate to allow for their hiring.

Prepared by: _____ [Signed] _____, Charles M. Foley, Chief Financial Officer

Approved by: _____ [Signed] _____, Ted A. Ferris, President and CEO

The following schedule compares the FY2003 budget with our projected FY2002 actuals.

Tourism and Sports Authority FY2003 Budget - Executive Summary	FY2003 Budget	FY2002 Actuals*	\$ Change	% Change
SOURCES				
<u>Tourism Revenue Clearing Account</u>				
Hotel Bed Tax	\$ 10,541,081	\$ 9,911,196	\$ 629,885	6.4%
Car Rental Surcharge	6,309,063	6,431,820	(122,757)	(1.9)%
Interest Income	38,379	-	38,379	-
Total Tourism RCA	\$ 16,888,523	\$ 16,343,016	\$ 545,507	3.3%
<u>Facilities Revenue Clearing Account</u>				
Sun Devil Stadium STR	\$ 979,471	946,394	\$ 33,077	3.5%
NFL Income Tax	4,138,999	4,420,872	(281,873)	(6.4)%
AZ Cardinals Rent (a)	-	-	-	-
Fiesta Bowl Ticket Surcharge (a)	-	-	-	-
Sales Tax Recapture on MPF Use (a)	-	-	-	-
Non-Football Events Revenue (a)	-	-	-	-
Interest Income	11,671	-	11,671	-
Total Facility RCA	\$ 5,130,142	\$ 5,367,266	\$ (237,124)	(4.4)%
Total Sources	\$ 22,018,664	\$ 21,710,282	\$ 308,383	1.4%
USES				
Debt Service Account:MPF Bonds	\$ 12,568,752	\$ 10,000,000	\$ 2,568,752	25.7%
Tourism Fund (b)	4,217,500	4,016,667	200,833	5.0%
Debt Service Account:Cactus League Bonds	1,900,000	-	1,900,000	-
Cactus League Renovation Account	1,100,000	3,000,000	(1,900,000)	(63.3)%
Youth and Amateur Sports	1,108,333	1,008,330	100,004	9.9%
Operating Account	2,696,966	4,395,836	(1,698,870)	(38.6)%
Youth and Amateur Sports Reserve	1,008,333	-	1,008,333	-
Operating Reserves	(2,581,220)	(710,550)	(1,870,669)	263.3%
Interest Income/(Expense)	-	(400,522)	400,522	(100.0)%
Total Uses	\$ 22,018,664	\$ 21,710,282	\$ 308,383	1.4%
Net Sources/(Uses)	\$ -	\$ -	-	-

* Projected 6/30/02 balances

(a) Revenue sources are not applicable until the Multi-purpose facility is operational in FY2006

(b) In FY2003, HB2708 requires that \$2.2 million of the total \$4.2 million be returned to the State's general fund

Overview of Funding sources

In fiscal 2003 the Authority is scheduled to receive funding from all of its sources with the exception of those that will begin once the multipurpose facility is in operation in 2005.

Construction Account (Sections 5-833 and 5-861)

The TSA may use the monies received into the Construction Account for the following activities as they apply to the construction of a Multipurpose Facility. The acquisition of land, design, development, constructing, reconstructing, equipping, repairing, maintaining, operating and improving a multipurpose facility and improvements.

Cactus League Promotion Account (Sections 5-835, 5-808 and 5-837)

The TSA may use the monies received into the Cactus League Promotion Account as follows: acquire land or construct, finance, furnish, improve, market or promote the use of existing or proposed major league baseball spring training facilities that are located in the Authority (Maricopa County) and other structures, utilities, roads, parking areas or buildings necessary for full use of the training facilities for sports and other purposes.

Facilities Revenue Clearing Account (Section 5-834)

The primary purpose of these funding sources is to fund debt service in conjunction with funding sources from the Tourism Revenue Clearing Account. Remaining monies in this account are distributed to the Operating Account.

Tourism Revenue Clearing Account (Sections 5-835, 5-839, 5-840)

The funding sources received by this account have five primary purposes:

- 1. Fund debt service per Section 5-865 for no more than 165.5 million dollars in capital costs associated with constructing the multipurpose facility;*
- 2. Promote tourism by distributing \$4 million equally over the first twelve months of tax revenue collection. This amount increases by 5% for each subsequent twelve month period over the preceding twelve months' distribution. This distribution is transferred monthly to the Arizona Office of Tourism;*
- 3. Promote Spring training baseball through funding construction, renovation, etc. as detailed above in the Cactus League Promotion Account;*
- 4. Promote youth and amateur sports in Maricopa County through acquiring land, constructing new facilities, renovating existing ones and marketing, promoting and financing the use of community youth and amateur sports facilities.*
- 5. Fund the TSA's annual adopted operating budget requirements on a 1/12th monthly distribution basis during each fiscal year.*

The following flowchart details the funding sources for the three primary accounts: Tourism Revenue Clearing Account ("TRCA"), Facility Revenue Clearing Account ("FRCA") and the Construction Account and their related disbursements in order of funding priority.

Order	TRCA SOURCES	Order	FRCA SOURCES	Order	Construction SOURCES
	Hotel Bed Tax Car Rental Surcharge		NFL Franchise Income Tax Sales Tax Recapture Other Events - TSA Hosted Fiesta Bowl Ticket Surcharge AZ Cardinals Rent		Bond Proceeds AZ Cardinals Capital Contribution Other Capital Contributions Construction Sales Tax Recapture Interest Income
	USES		USES		USES
1	<u>Debt Service</u> on senior bonds issued for \$165M of MPF construction costs	1	<u>Debt Service</u> on bonds not covered in TRCA Priority 1	1	Construction costs related to the TSA/Arizona Cardinals Multipurpose Facility
2	<u>Debt Service</u> on bonds not covered in FRCA Priority 1			2	Once 100% of the MPF construction costs have been paid, any remaining funds will be used to retire debt service
3	Arizona Office of Tourism				
4	<u>Debt Service</u> on subordinate bonds up to statutorily scheduled Cactus League Promotion Distribution	2	<u>Debt Service</u> on subordinate bonds not covered in TRCA Priority 4		
5	<u>Debt Service</u> on subordinate bonds not covered in FRCA Priority 2				
6	Cactus League statutory amount less distributions from TRCA Priority 4 & 5 and FRCA Priority 2				
7	Youth & Amateur Sports (YAS)				
8	TSA Operating budget 1/12th distribution as approved by Board of Directors				
9	<u>Reserves</u> Youth & Amateur Sports	3	<u>Reserves</u> Operating		
10	Operating				
11	Capital Repair/Replacement				

Footnote

TRCA = Tourism Revenue Clearing Account
FRCA = Facility Revenue Clearing Account

The following unaudited statement of operations projects the final FY2002 Authority operations for revenues and expenditures vs. the FY2002 annual budget as adopted by the board of directors in June 2001.

Item	YTD Actuals 05/31/02	Forecasted 06/30/02	Total FY2002	FY2002 Budget	\$ Change	% Change
OPERATING REVENUES						
Hotel bed tax	\$ 8,820,090	\$ 1,091,106	\$ 9,911,196	\$ 12,005,841	\$ (2,094,645)	(17.4%)
Car rental surcharge	5,689,702	742,118	6,431,820	8,899,054	(2,467,234)	(27.7%)
User fees	-	-	-	-	-	-
NFL income tax	4,052,466	368,406	4,420,872	4,420,872	-	0.0%
Sales tax recapture	946,394	-	946,394	1,000,000	(53,606)	(5.4%)
Other operating revenues	494	-	494	-	494	-
Total Operating Revenues	\$ 19,509,146	\$ 2,201,630	\$ 21,710,776	\$ 26,325,767	\$ (4,614,991)	(17.5%)
OPERATING EXPENSES						
Marketing and Promotion	\$ 100,631	7,000	\$ 107,631	102,296	\$ 5,335	5.2%
Payroll and Benefits	641,910	58,355	700,266	1,330,427	(630,161)	(47.4%)
Office	94,988	4,450	99,438	202,650	(103,212)	(50.9%)
Professional fees (non-legal)	33,265	-	33,265	145,800	(112,535)	(77.2%)
Travel	10,876	-	10,876	89,490	(78,614)	(87.8%)
Site selection	130,199	-	130,199	-	130,199	-
Dues and subscriptions	3,031	-	3,031	-	3,031	-
Consulting	1,006,340	15,000	1,021,340	2,145,942	(1,124,602)	(52.4%)
Site work	12,147	-	12,147	-	12,147	-
Communications	33,799	2,750	36,549	44,460	(7,911)	(17.8%)
Depreciation	-	15,046	15,046	-	15,046	-
Employee related	8,089	200	8,289	-	8,289	-
Office Lease	84,894	8,402	93,296	122,571	(29,275)	(23.9%)
Insurance	126,472	12,500	138,972	10,588	128,384	1212.5%
Other	3,169	300	3,469	-	3,469	-
Total Operating Expenses (non-legal)	\$ 2,289,810	\$ 124,004	\$ 2,413,814	\$ 4,194,224	\$ (1,780,410)	(42.4%)
Legal (a)	1,907,022	75,000	1,982,022	389,628	1,592,394	408.7%
Total Operating Expenses	\$ 4,196,832	\$ 199,004	\$ 4,395,836	\$ 4,583,852	\$ (188,016)	(4.1%)
OTHER FUND DISTRIBUTIONS						
Bond Debt Service	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 9,900,000	\$ 100,000	1.0%
Arizona Office of Tourism	3,666,667	350,000	4,016,667	4,016,667	-	0.0%
Cactus League	2,750,000	250,000	3,000,000	3,000,000	-	0.0%
Youth and Amateur Sports	916,663	91,667	1,008,330	1,008,330	-	0.0%
Total Other Fund Distributions	\$ 17,333,330	\$ 691,667	\$ 18,024,996	\$ 17,924,996	\$ 100,000	0.6%
Operating Income	\$ (2,021,016)	\$ 1,310,960	\$ (710,056)	\$ 3,816,919	\$ (4,526,975)	(118.6%)
NONOPERATING REVENUE/(EXPENSE)						
Interest Income	\$ 130,488	\$ 3,500	\$ 133,988	\$ -	\$ 133,988	-
Interest Expense	(516,010)	(18,500)	(534,510)	(500,000)	(34,510)	6.9%
Total nonoperating revenue/(expense)	\$ (385,522)	\$ (15,000)	\$ (400,522)	\$ (500,000)	\$ 99,478	(19.9%)
Net Operating Income	\$ (2,406,538)	\$ 1,295,960	\$ (1,110,578)	\$ 3,316,919	\$ (4,427,497)	(133.5%)

(* Statement is unaudited)

(a) Legal by Category:

General Representation: \$ 430,438	John F. Long: \$ 566,442	Cactus League: \$ 42,814	Financing: \$ 122,042
Multipurpose Facility \$ 530,842	FAA: \$ 197,426	Youth & Amateur: \$ 17,017	

Background

The Construction Account has been established to receive funds from the following sources in order to finance the construction of the multipurpose facility ("MPF"):

- Sale of the bonds for the MPF
- \$85 million capital contribution from the Arizona Cardinals*
- Other capital contributions
- Sales tax recapture from the state's portion of the sales taxes related to the materials for the MPF
- Interest income related to investments of any undistributed funds held in this account

* The Arizona Cardinals' \$85 million capital contribution will not be deposited with the Authority but will be included in the trust accounts under the terms and conditions of the trust indenture document(s). The Cardinals will contribute their portion on a pro-rata basis along with the Authority's contributions toward the construction costs. The pro-rata percentages currently being used are 74.5509% for the Authority and 25.4491% for the Arizona Cardinals.

Upon completion of and final payment for the Multipurpose facility in 2005, any undistributed monies may be transferred to the Debt Service account or applied to any other purpose if the Bond Counsel's opinion deems that there will be no adverse effect or impact on the Authority's ability to meet its debt obligations. It should be noted that the bond proceeds for the Cactus League Stadium in Surprise, Arizona and its related expenditures are recorded in the Cactus League Promotion Account and not this Construction Account.

Fiscal Year 2003

The prior year's budget contemplated that by this time this year the MPF construction project would be well underway. However, due to the FAA's concerns over the Tempe site and their ultimate hazard ruling the site was abandoned in November 2001. This, coupled with the John F. Long lawsuit, has stalled our efforts to move forward. The Authority is now working toward the completion on an agreement on a site prior to the state legislature's September 12, 2002 deadline. The FY2003 budget reflects our meeting this deadline and issuing bonds for the MPF in the October 2002 timeframe.

As this budget document is being prepared the Authority has an existing Memorandum of Understanding with the City of Mesa and is pursuing alternative site(s) in the event that the Authority cannot proceed forward with the Mesa site due to a citizens' referendum or other reasons. Due to the present situation, the construction budget and related bond issue should not be considered complete and/or final. The final site and all of the associated agreements including the design-build agreement will directly impact the final gross maximum price contract and the amount of the bond issue.

The following schedule summarizes the sources and uses for the Construction Account for fiscal year 2003:

Construction Account	Total \$ Amount	As % of Sources
SOURCES		
Bond Proceeds	\$ 245,347,870	90.3%
AZ Cardinals	19,904,584	7.3%
Other Cap. Contr.	-	0.0%
Sales Tax Recapture	2,541,933	0.9%
Interest Income	3,779,853	1.4%
TOTAL SOURCES	\$ 271,574,240	100.0%
USES		
Construction	\$ 78,213,314	28.8%
Payables	5,293,189	1.9%
Consultants	1,246,302	0.5%
Bond Repayment	5,000,000	1.8%
Operations Repayment	7,000,000	2.6%
TOTAL USES	\$ 96,752,805	35.6%
NET SOURCES/(USES)	\$ 174,821,435	64.4%

Sources

Bond Proceeds - \$245.3 million (a)

The primary funding source in FY2003 will be the sale of up to \$250.0 million ((a) bond issuance costs are estimated to be approximately \$4.7 million) in bonds for the construction of the MPF. We are hopeful that this will occur no later than the October 2002 timeframe. The bond issuance is dependent on the successful resolution of the John F. Long lawsuit (the Authority won at the trial court level in November 2001 and the Long appeal is awaiting a decision of the Appellate Court which is expected within the next four to six weeks).

It is important to keep in mind that there are offsets that need to be considered before the final financing package is complete. On the plus side of the ledger, approximately \$20.0M has already been expended on the design, pre-construction and steel for the MPF. While some of these expenditures will not be able to be applied to the final site selected, it is hoped that a material portion of the \$20.0M will be available as a credit to the estimate project cost of the MPF. On the credit side of the ledger there is a total of \$17.2M that will be paid out immediately from the bond proceeds for the following:

- \$5.2M for current MPF project payables
- \$5.0M bond repayment to Wells Fargo Bank/Bank One on the remaining bond principal outstanding
- \$7.0M repayment to the Authority's operating account for bond payments made to Wells Fargo Bank/Bank One during fiscal 2002 from the operating reserves

Repayment of the bond principal and interest is accomplished through monthly distributions, not from the construction account, but from tourism and facility revenues received monthly. If necessary, any available operating account funds may also be used as a source for debt service requirements.

Arizona Cardinals - \$19.9 million

The projected construction costs for FY2003 is \$78.2M of which the Arizona Cardinals pro-rata percentage is \$19.9M (25.4491%). This percentage was agreed-to between the Authority and the Cardinals in 2001 and is continued to be used at the present time.

The Arizona Cardinals have agreed to provide up to \$85.0M of the MPF project cost. Currently they have provided a total of \$4.2M.

Sales Tax Recapture - \$2.5 million

The state's sales tax paid on the MPF's construction are "recaptured" through the monthly Transaction Privilege Tax reporting for the MPF project to the Arizona Department of Revenue ("AZDOR"). The AZDOR then re-distributes the state tax portion to the Authority.

The formula for calculating this sales tax recapture is based on the taxable portion of the total construction costs. The amount considered taxable is 65%. By multiplying total construction costs of \$78.2M x 65% you get the taxable portion - \$50.8M. This is then multiplied by the Arizona sales tax rate of 5% to yield the sales tax recapture amount of \$2.5 million.

Interest Income - \$3.8 million

Interest income earned on the Authority's portion of its available bond proceeds and other sources will be invested to earn additional income for the MPF project. We are estimating a 3% return on the invested balances to yield \$3.8M in interest income during FY2003.

Uses

Construction Costs - \$78.2 million

The \$78.2M estimate for new MPF construction spending in FY2003 will need to be revisited as the Authority's site selection and MPF design process moves forward. The figure presented in this budget are based on the projected construction costs contained in last year's budget for the original Tempe site during its startup construction phase.

Payables - \$5.3 million

The Authority is carrying forward into FY2003 \$5.3M in payables for costs related to the MPF project. It is anticipated that once the bond proceeds are received that this will be paid in full.

Consultants - \$1.2 million

The Authority has and will continue to use outside construction consultants for all phases of the MPF project. It is estimated that between \$4.0 - \$5.0 million will be spent on construction management oversight services over the life of the MPF construction project.

Bond Repayment - \$5.0 million

Currently outstanding is \$5.0M in bond principal due and owing to the bank syndicate of Wells Fargo Bank and Bank One. This amount will be repaid out of the MPF's bond proceeds.

Operations Repayment - \$7.0 million

Over the course of FY2002 the Authority made bond principal repayments to Wells Fargo Bank and Bank One totaling \$7.0M from available operating reserves. \$2.0M was repaid in December 2001 and \$5.0M was repaid in May 2002 ahead of the scheduled June 30th repayment date. These payments were to have been made from the MPF bond issue scheduled for the summer of 2001. However, due to the FAA issue and then the John F. Long lawsuit the Authority was unable to issue the bonds and, therefore, had to make the payments from available operating reserves. This \$7.0M payment to the operating account is to replenish the operating reserve account.

Background

The Facility Revenue Clearing Account's ("FRCA") primary purpose is to collect all non-tourism and non-construction revenues and then use those proceeds to fund debt service related to the MPF bonds and the Cactus League bonds. Any undistributed funds are transferred to the operating account.

Fiscal Year 2003

Until the MPF is opened for operation in 2005 the only two active revenue sources are the NFL Franchise Income Tax and the Sales Tax Recapture ("STR"). The STR is applicable to ticket sales and hard and soft concession sales associated with the Arizona Cardinals' home games currently held at ASU's Sun Devil Stadium.

The following schedule outlines the expected funding sources and uses for this account in FY2003:

Facility Revenue Clearing Account	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
NFL Income Tax	\$ 4,138,999	80.7%
Sales Tax Recapture	979,471	19.1%
AZ Cardinals Rent	-	0.0%
FB Ticket Surcharge	-	0.0%
MPF Sales Tax Recapture	-	0.0%
Other Events Revenue	-	0.0%
Interest Income	11,671	0.2%
TOTAL SOURCES	\$ 5,130,142	100.0%
<u>USES</u>		
MPF Bond Debt Service	\$ 3,583,720	69.9%
Cactus League Debt Service	-	0.0%
Interest Expense	68,750	1.3%
Operating Account	1,477,672	28.8%
TOTAL USES	\$ 5,130,142	100.0%
NET SOURCES/(USES)	\$ (0)	0.0%

Sources

NFL Franchise Income Tax - \$4.1 million

This revenue source is comprised of the Arizona corporate income tax paid by the Arizona Cardinals organization and the personal income tax paid by the Cardinals' employees, both front office and player personnel, and their spouses. The A. R. S. provides for a minimum guarantee of \$3.5M in the first year increasing by 8% per year thereafter. The minimum guarantee for FY2003 is \$3.78M. The Authority receives the greater of the actual collections made by the Arizona Department of Revenue or the minimum guarantee. For a second year the Authority is

receiving an amount greater than the guaranteed minimum meaning that the Cardinals' collective income taxes exceeded the "floor" established in the statute. The FY2003 distribution of \$4.1M is \$0.3M less than for FY2002. While there are several possible explanations for this decrease, the information that serves as the basis for this calculation is protected as confidential by the AZDOR.

Sales Tax Recapture - \$1.0 million

Until the MPF is operational, the Authority will receive the state sales tax portion levied on the tickets and hard and soft concession sales for Arizona Cardinals' home games currently held at ASU's Sun Devil Stadium. In FY2002 we forecasted \$1.0M and received \$0.95M. We have projected a 3.5% increase in these revenues for FY2003.

Uses

MPF Bond Debt Service - \$3.6 million

The primary purpose of this account is to assist the Tourism Revenue Clearing Account ("TRCA") in meeting the debt service obligations of the Authority in their order of priority. The TRCA is limited to funding the MPF debt service on a maximum of \$165.5M of bond principal. We are planning to issue up to \$250.0M in bonds which means that 66% is born by the TRCA and the balance, if sufficient funds are available, by the FRCA. \$3.6M represents 30% of the total projected MPF bond debt service of \$12.5M for FY2003.

Interest Expense - \$0.1 million

This represents the interest that will be paid to Wells Fargo Bank/Bank One for the three months that we carry forward the remaining \$5.0M bond principal balance. This bond debt will be retired in October 2002 when the MPF bond proceeds are received.

Operating Account - \$1.5 million

These are representative of the period prior to the issuance of the MPF bonds. Until the FRCA is required to fund the MPF debt service, the undistributed funds for July – September 2002 are transferred to the operating account.

Background

The Tourism Revenue Clearing Account's ("TRCA") primary purpose is to collect the two tourism revenues (the hotel bed tax and the car rental surcharge) and use them to fund what is commonly referred to as the "waterfall" as follows:

1. MPF Bond Debt Service
2. Tourism
3. Cactus League (including any debt service)
4. Youth and Amateur Sports
5. Authority Operations
6. Reserves:
 - a. Youth and Amateur Sports
 - b. Operating
 - c. MPF Capital Repair/Replacement

Fiscal Year 2003

The budget introduction outlined the obstacles that the Authority has faced and will continue to face with respect to a recovering economy and a struggling tourism industry. The following outlines the effect the past eighteen months have had on our two major revenue sources:

(\$ Millions) Revenue Source	FY2002			FY2003		
	Actual	Budget	+/(-)	Budget	vs. FY2002B	vs. FY2002A
Hotel Bed Tax	\$ 9.9	\$ 12.0	(17.4)%	\$ 10.5	(12.5)%	5.9%
Car Rental Surcharge	6.4	8.9	(27.7)%	6.3	(29.2)%	(2.0)%
Total	\$ 16.3	\$ 20.9	(21.8)%	\$ 16.8	(19.6)%	2.8%

We are forecasting that at the end of the current fiscal year we will be 21.8% under where we expected to be at the beginning of FY2002. This \$4.6M negative impact directly affects how much operating reserve is carried forward into the new fiscal year. Our FY2003 tourism revenue projections forecast a slow recovery to pre-2002 levels. We anticipate that it will take until FY2005 to fully recover to FY2001 tourism revenue levels barring any further terrorist attacks on U. S. soil.

Some of the lower-than-anticipated car rental surcharge revenues may be attributable to issues related to the administration of the 3.25% surcharge at the car rental agency level. We continue to monitor this revenue and work with the AZDOR to ensure that the Authority is receiving its proper allocation. Our concern has been that the car rental agencies may not be properly applying the tax and may be providing exemptions for repair/replacement purposes to Maricopa County residents beyond those allowed by law.

The following schedule outlines the expected funding sources and uses for this account in FY2003:

Tourism Revenue Clearing Account	Total \$ Amount	As % of Sources
SOURCES		
Hotel Bed Tax	\$ 10,541,081	62.6%
Car Rental Surcharge	6,309,063	37.4%
TOTAL SOURCES	\$ 16,850,144	100.0%
USES		
MPF Bond Debt Service	\$ 8,916,281	52.9%
Tourism Promotion (a)	4,217,500	25.0%
<u>Cactus League:</u>	3,000,000	17.8%
<i>Debt Service</i>	1,900,000	11.3%
<i>Promotion Account</i>	1,100,000	6.5%
Youth and Amateur Sports	1,108,333	6.6%
Operating Account	2,696,966	16.0%
<u>Reserves:</u>	1,008,333	6.0%
<i>Youth and Amateur Sports</i>	1,008,333	6.0%
<i>Operating</i>	-	0.0%
MPF Capital Repair/Rplcmnt	-	0.0%
Operating Account	1,331,031	7.9%
TOTAL USES	\$ 22,278,445	132.2%
NET SOURCES/(USES)	\$ (5,428,301)	(32.2)%

(a) In FY2003, HB2708 requires that \$2.2 million of the total \$4.2 million be returned to the State's general fund

Sources

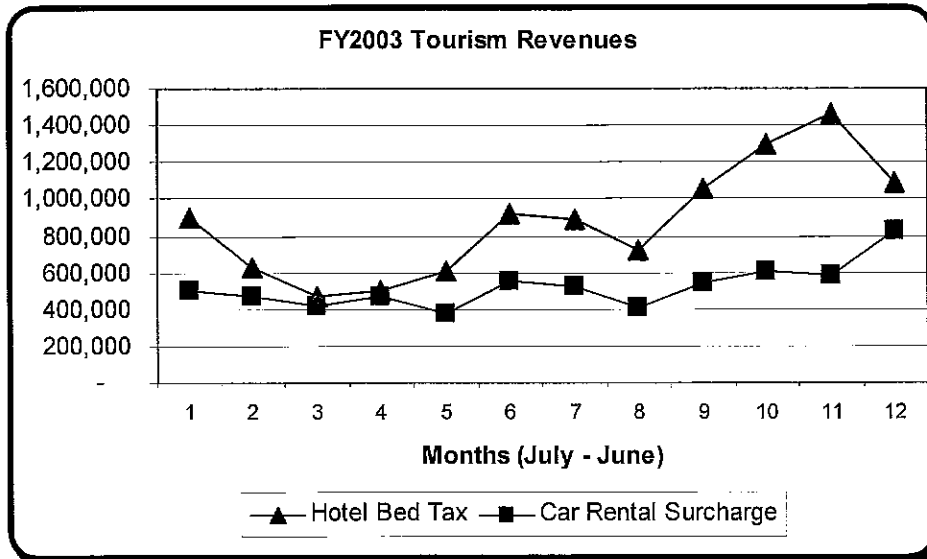
Hotel Bed Tax - \$10.5 million

1% of every dollar spent on lodging in Maricopa County is collected as the Authority's Hotel Bed Tax. Based on the tourism recovery forecast we are using FY2001's actual results to calculate a full recovery to the FY2001 levels equally distributed over FY2003 and FY2004.

Car Rental Surcharge - \$6.3 million

3.25% of every dollar spent (a minimum of \$2.50) on car rentals in Maricopa County is collected as a surcharge to support the promotion of tourism in Maricopa County. Of the total surcharge collected, the first \$2.50 is distributed by the State Treasurer to the Maricopa County Stadium District so they can maintain their debt service payments on MCSD bonds previously issued. The balance of the surcharge is distributed to the Authority. These tax funding sources are deposited to the Authority's Tourism Revenue Clearing Account. We are using the same forecasting assumptions for the car rental surcharge as we did with the hotel bed tax. We anticipate a 50% recovery in FY2003 toward the FY2001 actual results.

The following chart displays the seasonality of the two tourism revenues (there is a two-month time lag between the time the tax collection is made and when it reaches the Authority):



Uses

MPF Bond Debt Service - \$8.9 million

The first funding priority for the TRCA is the MPF bond debt service. A total of \$12.5M is scheduled to be paid in FY2003 with \$8.9M being generated from the TRCA and the balance, \$3.6M, from the Facility Revenue Clearing Account ("FRCA").

Per the requirements of Senate Bill 1220 and the pending Trust Indenture documents, the Authority is required to accrue for the annual debt service liability on an equal monthly basis. The actual payment to bondholders will be made in June 2003.

Tourism Promotion - \$4.2 million

This fund's purpose is to promote tourism in Maricopa County by providing funding assistance to the Arizona Office of Tourism. This funding mechanism started at \$4.0M in its first twelve months and is increased by 5% each twelve month period thereafter for a total of 360 months. The \$4.2M to be distributed in FY2003 represents this increase.

For FY2003 there is a change in how the funds are distributed by the Authority. The state legislature enacted HB2708 as part of their budget balancing proposal. This legislation requires the Authority to split the \$4.2M distribution by providing \$2.0M to the Arizona Office of Tourism and the balance, \$2.2M, to the state's general fund. This is only applicable for FY2003.

Cactus League – \$3.0 million

This fund is scheduled to receive \$0.25M per month for the first 84 months of the tourism taxes which equals \$3.0M every twelve months. This amount is used to promote spring training baseball in Maricopa through the construction of new and/or the renovation of existing stadiums.

Youth and Amateur Sports - \$1.1 million

The Arizona state legislature, as part of HB2177 passed in May 2002, moved the distribution to the youth and amateur sports account ahead of the Authority operating budget distribution. The amount to be distributed during FY2003 was increased by \$0.1M per the Arizona Revised Statutes.

Operating Account - \$2.7 million

The Authority operating account exists to operate, market, promote, furnish and equip a multipurpose facility, to pay the administrative costs associated with operating the Authority and to pay debt service and/or the early redemption of bonds.

The Authority's operating budget of \$2.7M is \$0.2M less than was budgeted for in FY2002. However, it includes an additional 3 FTE's (fulltime employees) over what was contemplated in the FY2002 budget.

Reserves - \$1.0 million

HB2177, referred to earlier, also created the requirement that the Authority create a separate reserve account for youth and amateur sports equal to the prior twelve months' funding level. This reserve comes in advance of funding the other two required reserves for operations and for MPF capital repair and replacement.

Operating Account - \$1.3 million

In the early months of FY2003, prior to the issuance of the MPF bonds, the operating account will receive \$1.3M in undistributed TRCA funds based on the 'waterfall' order of priority.

Net Sources/(Uses) - \$(5.4) million

In order to fully fund all of the 'waterfall' requirements of the Tourism and Revenue Clearing Account, it will be necessary to use the operating account reserves to fund deficits in the amount of \$5.4M. This is due to the \$7.0M infusion received as bond repayment and the distribution of TRCA and FRCA excess funds in the first quarter of FY2003. The overall effect of the decreased revenue projections coupled with the on-going, ever-increasing 'waterfall' fund distributions places additional importance on the available operating reserves. The months that are most effected are those from August 2002 through January 2003 when tourism activity is at its seasonally adjusted lowest points.

Section 5.1 Tourism RCA: Debt Service Account

The following schedule summarizes the monthly distributions from the Tourism and Facility Revenue Clearing accounts to fund the eventual payment to the bondholders. Interest income is generated from the available fund balances that are maintained prior to the bondholder payment.

Debt Service Account	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Tourism RCA:MPF	\$ 8,916,281	61.3%
Facility RCA:MPF	3,583,720	24.7%
Tourism RCA:Cactus League	1,900,000	13.1%
Facility RCA:Cactus League	-	0.0%
Interest Income	134,764	0.9%
TOTAL SOURCES	\$ 14,534,766	100.0%
<u>USES</u>		
MPF Bond Debt Service	\$ 12,500,000	86.0%
Cactus League Debt Service	1,900,000	13.1%
Interest Expense	68,750	0.5%
TOTAL USES	\$ 14,468,750	99.5%
NET SOURCES/(USES)	\$ 66,016	0.5%

The \$1.9M debt service accrual for the Cactus League bonds to be issued for the dual-team facility in Surprise, Arizona is funded from the \$3.0M annual distribution to the Cactus League account.

The \$0.07M interest expense represents the interest payable to Wells Fargo Bank/Bank One for the \$5.0M bond principal prior to its repayment in October 2002.

Section 5.2 Tourism RCA: Tourism Promotion

See Section 5.0, Uses, for a summary of this account.

Section 5.3 Tourism RCA: Cactus League Promotion Account

Background

The Cactus League Promotion Account exists to provide funding for the construction and/or renovation of spring training baseball facilities and to promote and market Cactus League baseball.

The Authority and the City of Surprise, Arizona entered into an IGA in May 2001 whereby the Authority was to provide \$26.0M for the construction of a spring training facility for the Texas Rangers and the Kansas City Royals. As with the MPF bond issue, the John F. Long issues prohibited the Authority from issuing the bonds prior to the October 2001 deadline per the IGA.

Subsequently, the two organizations have entered into two separate amendments to the original IGA. The first provided for the monthly \$0.25M distribution and all of the accumulated funds to be 'loaned' to Surprise until such time the bonds were issued. The second amendment provided for up to an additional \$6.0M in bond proceeds if the Authority was unable to issue the bonds prior to the end of October 2002. The purpose behind this amendment was to help Surprise offset the cost of interfund borrowing in order to keep the project on schedule. These are additional costs to the Authority that are entirely attributable to the Long lawsuit.

Fiscal Year 2003

Through the end of FY2002, the Authority has accrued for an additional \$3.6M based on the second amendment.

The Appellate Court recently heard the oral arguments in the John F. Long lawsuit and promised to work toward a expeditious ruling – hopefully within four to six weeks. Based on our belief that we will again receive a favorable ruling and that the lawsuit will end shortly thereafter, we are planning to issue the Cactus League bonds before the end of August 2002. We are calculating that under the terms of the IGA and its amendments, we would need to provide the City of Surprise with a net amount of \$27.0M. This amount recognizes that the balance due back to the Authority from the first amendment, \$3.8M, should be used to reduce the amount of the overall borrowing thereby further reducing the Authority's financial obligation to the bondholders.

This approach reduces the amount of available funds in the account. However, the debt service amount to be directed out of the annual \$3.0M distribution from the TRCA is reduced and the surplus monthly amount is increased.

The following schedule summarizes the calculation of the net bond proceeds to be provided to the City of Surprise based on an August 2002 timeframe:

Calculation of Net Bond Proceeds to be provided to the City of Surprise, Arizona		
Original IGA Bond Commitment		\$ 26,000,000
Additional Bond Liability		
# of Months (Jan - Aug 2002)	8	
\$ Amount per Month	\$ 600,000	
Additional Bond Proceeds		4,800,000
Total Bond Proceeds		\$ 30,800,000
TSA Loan to Surprise		
Original Loan Amount		\$ 1,757,197
Additional Loan Amount		
# of Months (Jan - Aug 2002)	8	
\$ Amount per Month	\$ 250,000	
Additional Loan Amount		2,000,000
Total Loaned Amount		\$ 3,757,197
Net Amount of Bond Proceeds		\$ 27,042,803

The following schedule summarizes the sources and uses for this account:

Cactus League Promotion Account	Total \$ Amount	As % of Sources
SOURCES		
Tourism RCA	\$ 1,100,000	3.8%
Cactus League Bond Proceeds	28,042,803	96.2%
Interest income	12,002	0.0%
TOTAL SOURCES	\$ 29,154,804	100.0%
USES		
Surprise, AZ Trust Account	\$ 27,042,803	92.8%
Bond issuance costs	1,000,000	3.4%
Professional fees	209,155	0.7%
TOTAL USES	\$ 28,251,958	96.9%
NET SOURCES/(USES)	\$ 902,847	3.1%

Section 5.4 Tourism RCA: Youth and Amateur Sports

Background

The Youth and Amateur Sports Facilities account exists to promote and market community youth and amateur sports through the acquisition of land, construction or renovation of facilities and/or costs associated with operating these facilities.

The funding for this account is based on \$1.0 million in the first twelve months growing by \$0.1M each subsequent twelve month period. The scheduled distribution for FY2003 is \$1.1M. A new requirement signed into law is the creation of a reserve account based on the prior twelve month period funding. The reserve to be established in FY2003 is \$1.0M

Fiscal Year 2003

Currently, two projects have been approved by the Board of Directors. They are the South Mountain YMCA project (\$0.15M) and the regional sports field complex in Avondale (\$3.4M). The YMCA project is expected to be fully funded in FY2003 and the Avondale project is scheduled to receive 25% of the annual funding amount for youth and amateur sports for a period of 12+ years. The Avondale estimated project contribution will total \$4.6M when \$1.2M in financing costs agreed to by the Authority are added to the principal.

The following schedule summarizes the sources and uses for this account:

Youth and Amateur Sports	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Tourism RCA	\$ 1,108,333	51.2%
Interest Income	47,831	2.2%
Reserve Account	1,008,333	
TOTAL SOURCES	\$ 2,164,498	100.0%
<u>USES</u>		
Avondale	\$ 277,083	12.8%
S. Mtn YMCA	150,000	6.9%
Other Projects	450,000	20.8%
Professional fees	69,276	3.2%
TOTAL USES	\$ 946,359	43.7%
NET SOURCES/(USES)	\$ 1,218,138	56.3%

Section 5.5 Tourism RCA: Authority Operating Account
Background

The Operating Account exists to operate, market, promote, furnish and equip a multipurpose facility, to pay the administrative costs associated with operating the Authority and to pay debt service and/or the early redemption of bonds.

FY2002 was a year of challenges for the Authority. Decreased revenues due to an economic recession and the dramatic drop off of tourism post-September 11th combined with the unanticipated costs associated with the FAA/Tempe site issue, the John F. Long lawsuit and the re-opened site selection process all placed additional pressures on the Authority's operating budget. The Authority has effectively managed these issues and their related costs while continuing to move forward.

Fiscal Year 2003

We are forecasting an operating budget of \$2.7M. We anticipate the conclusion to the Long lawsuit early in the fiscal year which will eliminate those related professional/legal fees and allow us to issue bonds for both the MPF and the Cactus League. The site selection process continues forward and we have anticipated those related expenses in the budget.

The following schedule summarizes the sources and uses for this account:

Operating Account	Total \$ Amount	As % of Sources
<u>SOURCES</u>		
Tourism RCA:Budget	\$ 2,696,966	21.4%
Tourism RCA:Excess	1,331,031	10.6%
Facility RCA:Excess	1,477,286	11.7%
Bond Repayment	7,000,000	55.5%
Interest Income	96,547	0.8%
TOTAL SOURCES	\$ 12,601,830	100.0%
<u>USES</u>		
Marketing and Promotion	\$ 85,561	0.7%
Compensation	1,159,013	9.2%
Office	90,585	0.7%
Professional & Outside Services	751,406	6.0%
Travel & Meeting	38,610	0.3%
Bank Fees/Interest Expense	60,233	0.5%
Communications	37,864	0.3%
Office Lease	103,522	0.8%
Insurance	220,170	1.7%
Accounts Payable	150,000	1.2%
TOTAL USES: Budget	\$ 2,696,966	21.4%
Tourism RCA:Deficit Funding	\$ (5,428,301)	(43.1)%
NET SOURCES/(USES)	\$ 4,476,563	35.5%

Sources

Tourism Revenue Clearing Account – Annual Budget Distribution - \$2.7 million

This represents the TRCA distribution based on the annual operating budget for the Authority. Beginning in FY2003 the Authority's operating budget distribution is made after the youth and amateur sports distribution.

Tourism Revenue Clearing Account – Excess - \$1.3 million

Once all of the 'waterfall' distributions are made from the TRCA, any undistributed funds are transferred to the operating account. The \$1.3M to be received in FY2003 is from the months July – September 2002 – prior to the issuance of the MPF bonds and the start of the debt service distribution for the bonds.

Facility Revenue Clearing Account – Excess - \$1.5 million

Once all of the 'waterfall' distributions are made from the FRCA, any undistributed funds are transferred to the operating account. The \$1.5M to be received in FY2003 is from the months July – September 2002 – prior to the issuance of the MPF bonds and the start of the debt service distribution for the bonds.

Bond Repayment - \$7.0 million

Over the course of FY2002 the Authority made bond principal repayments to Wells Fargo Bank and Bank One totaling \$7.0M from available operating reserves. \$2.0M was repaid in December 2001 and \$5.0M was repaid in May 2002 ahead of the scheduled June 30th repayment date. These payments were to have been made from the MPF bond issue scheduled for the summer of 2001. However, due to the FAA issue and then the John F. Long lawsuit the Authority was unable to issue the bonds and, therefore, had to make the payments from available operating reserves. This \$7.0M payment to the operating account is to replenish the operating reserve account.

Interest Income - \$0.1 million

The investment of excess funds from the operating account will result approximately \$0.1M in interest income in FY2003.

Uses

Marketing & Promotion - \$85.5k

The following are the planned expenditures for this category:

- Groundbreaking, MPF - \$15.0k covers the costs for a September groundbreaking ceremony for the multipurpose facility.
- Community Outreach – \$15.0k programs are those aimed at the local communities and their young people. It consists of programs co-sponsored by local businesses with the idea of educating Maricopa County residents on the stadium and the benefits of it to the community at-large.
- Media and Documentary - \$25.0k is an on-going project that will follow the building of the stadium from start to finish. It is projected to cost \$25,000 per year for the next three years.
- Promotional Travel - \$15.0k covers the expenses for Authority personnel to make trips or to meet with prospective clients for the new multipurpose facility.
- Construction Site Web cam - \$10.3k includes the cost of the equipment, the installation, maintenance and operational costs. It is one of the various ways that the Authority will draw attention to the construction of the stadium. The Mile High/Invesco Field in Denver, CO received as many as 40,000 hits per day during construction.
- Internship, Operations Research - \$5.0k is projected to utilize a college student on a part-time basis to gather and analyze data from NFL teams' operations to help shape our operational plans and goals.

Compensation and Employee Related - \$1.2 million

The following are the planned expenditures for this category:

- Compensation - \$0.87M line accounts for the annual compensation of seven existing FTE's (fulltime employees) and six additional FTE's that are planned to be hired during FY2003. The six additional positions are for a marketing director, a marketing specialist, a marketing assistant, a physical plant specialist, an administrative assistant in support of the operations and finance departments and an intern.
- Employer-paid taxes - \$59.1k are the Authority's portion of employment taxes for federal and state that are required by law.

- Retirement plan - \$96.6k is comprised of two components. The first is the Arizona State Retirement System's ("ASRS") Defined Benefits plan in which the Authority became a member with the board's approval in September 2001. The second component is a Defined Contribution plan that is currently being established by the ASRS and for which the Authority's employees are eligible. Through this plan the Authority's employees will be able to contribute, on a pre-tax basis, a percentage of their compensation. The Authority will provide a percentage match that will be vested at the rate of 20% per year. No monies were expended by the Authority in FY2002 for a defined contribution plan.
- Bonus Program - \$86.7k is a discretionary bonus plan approved by the Authority's Board of Directors and to be administered by the President and Chief Executive Officer. No bonuses were paid in FY2002.
- Recruiting fees - \$15.0k is included in this section for expenses related to personnel searches and recruitment. In addition to the potential hiring of six new employees, there will be a vacancy left by K. Leid for the operations department.
- Training - \$15.6k is included in this section for employees that attend seminars, conferences or coursework that will help them in the performance of their duties.

Office Expenses - \$90.6k

The following are the planned expenditures for this category:

- Supplies - \$19.5k are for those "behind the scenes" costs to operate the office – paper, pens, computer supplies, files, folders, printing costs, subscriptions, etc.
- Computer equipment - \$16.0k represents the investment in three desktop computers that will be required for the Authority's construction trailer once ground is broken on the MPF and an additional three computers for the Authority's offices.
- Furniture - \$15.0k is also related to the start of the MPF construction project and the need to provide for on-site office space for three FTE's as well as the additional furniture for the Authority's offices based on its incremental FTE's.
- Office Equipment - \$31.5k covers the lease and operating costs for our color digital copier/network printer and our primary and secondary fax machines. It also anticipates the additional cost for office equipment that will be needed for the construction trailer(s) at the MPF stadium site.
- Postage/Delivery - \$8.6k covers our on-going postage and package delivery needs.

Professional and Outside Services - \$0.75 million

This category includes our legal costs for our on-going general representation, defense in the Long lawsuit and bond counsel. Legal represents more than 50% of this category as the Authority looks to finalize its site selection with all of its associated agreements and contracts as well as the lawsuit and the two bond issues. The balance of this category is comprised of audit, public information, web site maintenance, and financial advisor expenditures.

Travel and Meeting - \$38.6k

The Authority's personnel postponed travel plans in FY2002 that consisted of reviewing other stadium operations and for marketing the MPF for future dates. \$30.0k has been budgeted in FY2003 for travel related expenditures. The balance is for on-going local meetings associated with the site selection process and pre-construction planning.

Bank Fees/Interest Expense- \$60.2k

This represents our projected interest payments on the outstanding \$5.0M in bonds due and owing Wells Fargo Bank and Bank One as well as for monthly bank service charges.

Communications - \$37.8k

This category covers the Authority's local, long distance and cellular phones, networking and maintenance, Internet access, wireless email, telephone conferencing and web hosting. The majority of these services are included in our monthly package with XO Communications. We have budgeted for additional amounts required for the new FTE's.

Office Lease - \$0.1 million

The Authority entered into a 36 month sublease in October 2001 with the option for two additional six-month lease periods. The office space is able to meet the Authority's current and near-term requirements prior to the permanent move in 2005 to the multipurpose facility. The actual monthly lease cost is nearly \$3.0k less than had been budgeted for in FY2002. Additionally, the Authority expended less than \$1.0k in tenant improvements when we had budgeted \$90.0k.

Insurance - \$220.2k

This category covers the cost of insurance for the following:

- General/comprehensive, liability and property
- Director and officer insurance
- Medical and dental
- Long-term disability and AD&D
- Life
- Workmen's Compensation

The effects of September 11th have reverberated throughout the insurance industry and is reflected not only in increased premiums but also in decreased coverages in some cases and the difficulty in obtaining coverage in others. The two hardest hit areas are medical and liability coverages. We experienced a 20%+ increase in our medical insurance premiums followed shortly thereafter with a notice by our carrier that our policy will be dropped at the end of its term (March 2003).

Accounts Payable - \$150.0k

This covers the non-construction related payables that will carry over into FY2003.

Tourism Revenue Clearing Account – Deficit Funding - \$5.4 million

The original TRCA schedule at the beginning of Section 5.0 outlined the total sources and uses for this account. Due to our decreased revenue projections and the statutory 'waterfall' requirements the it will be necessary to use the operating account reserves to fund deficits in the amount of \$5.4M.

Tourism and Sports Authority FY2003 Budget Asset and Liability Statement	June 30, 2003	
ASSETS		
<u>Current Assets</u>		
<u>Bank Accounts/Sub-accounts</u>		
<u>Construction Account</u>		
Bond Proceeds	\$ 174,821,435	
Capital Contributions, AZ Cardinals	-	
Capital Contributions, Other	-	\$ 174,821,435
<u>Cactus League Promotion Account</u>		
Bond Proceeds	-	
Other (scheduled distributions)	902,847	902,847
Facilities Revenue Clearing Account		357,002
Tourism Revenue Clearing Account		1,957,505
Tourism Fund		-
Youth and Amateur Sports		2,397,335
<u>Debt Service Account</u>		
Senior bond	18	
Subordinate bond	-	
Interest Income	66,016	66,034
Operating Account		6,719,026
Total Bank Accounts		\$ 187,221,185
<u>Other Current Assets</u>		
<u>Accounts Receivable</u>		
Arizona Cardinals	\$ 60,862,309	
	-	60,862,309
Total Current Assets		60,862,309
<u>Fixed Assets *</u>		
TSA Multipurpose Facility	\$ 98,958,765	
Computer Equipment	31,736	
Furniture & Fixtures	45,046	
Office Equipment	6,904	
Capital Equipment	23,910	
Software	2,338	\$ 99,068,700
Total Fixed Assets		\$ 99,068,700
<u>Other Assets</u>		
Security deposit: Building lease	9,000	
Operating Reserve	-	9,000
Total Other Assets		\$ 9,000
TOTAL ASSETS		\$ 347,161,194
LIABILITIES		
<u>Current Liabilities</u>		
Accounts Payable	\$ 9,349,620	
<u>Other Current Liabilities</u>		
Capital Lease, current	7,926	
Total Other Current Liabilities		\$ 9,357,546
<u>Long-term Liabilities</u>		
Capital Lease, long-term portion	\$ 22,056	
<u>Bonds Payable</u>		
Multipurpose facility bonds	\$ 250,000,000	
Cactus league stadium bonds	28,042,803	
Total Bonds Payable	278,042,803	
Total Long-Term Liabilities		\$ 278,064,859
TOTAL LIABILITIES		\$ 287,422,405
NET ASSETS V. LIABILITIES		\$ 59,738,789

* Net of estimated accumulated depreciation

** Projected June 30, 2002 ending balances

Tourism and Sports Authority FY2003 Budget Profit and Loss Statement	For the Period 7/1/02 through 6/30/03	
<u>SOURCES</u>		
<u>Facilities Revenue Clearing Account</u>		
NFL Franchise Income Tax	\$ 4,138,999	
Sales Tax Recapture, ASU stadium	979,471	
Sales Tax Recapture, MPF	-	
Arizona Cardinals, Rent	-	
Fiesta Bowl, Ticket Surcharge	-	
Non-Football Events	-	
Interest Income	11,671	
Total Facilities Revenue Clearing Account	\$ 5,130,142	
<u>Tourism Revenue Clearing Account</u>		
Hotel Bed Tax	\$ 10,541,081	
Car Rental Surcharge	6,309,063	
Interest Income	38,379	
Total Facilities Revenue Clearing Account	\$ 16,888,523	
TOTAL REVENUES		\$ 22,018,664
<u>USES</u>		
Debt Service	\$ 14,468,752	
Tourism Promotion (a)	4,217,500	
Cactus League Promotion Account	1,100,000	
Youth and Amateur Sports	1,108,333	
TSA Operating Budget	2,696,966	
Youth and Amateur Sports Reserve	1,008,333	
Operating Reserve	-	
Capital Repair/Replacement Reserve	-	
TOTAL EXPENDITURES		\$ 24,599,884
NET OPERATING SOURCES/(USES)		\$ (2,581,220)

(a) In FY2003, HB2708 requires that \$2.2 million of the total \$4.2 million be returned to the State's general fund

Section 6.3 – Cash on Hand Statement

Tourism and Sports Authority FY2003 Budget Cash on Hand Statement	Ending as of 6/30/02	Ending as of 6/30/03
Construction Account		
Bond Proceeds	\$ 816	\$ 163,609,269
Capital Contributions, AZ Cardinals	-	-
Capital Contributions, Other	-	-
Total Construction Account	\$ 816	\$ 163,609,269
Cactus League Promotion Account		
Bond Proceeds	-	-
Other (scheduled distributions)	250,000	902,847
Total Cactus League Promotion Account	\$ 250,000	\$ 902,847
Facilities Revenue Clearing Account	368,406	357,002
Tourism Revenue Clearing Account	1,833,224	1,957,506
Tourism Fund	-	0
Youth and Amateur Sports	1,095,863	2,397,335
Debt Service Account		
Senior bond	\$ 18	\$ 18
Subordinate bond	-	-
Interest Income	-	79,970
Total Debt Service Account	\$ 18.00	\$ 79,988
Operating Account	203,778	7,132,087
Total Bank Accounts/Sub-accounts	\$ 3,752,106	\$ 176,436,035

* Projected ending balances as of June 30, 2002

Tourism and Sports Authority FY2003 Budget Financial Commitments Statement		
Category	\$ Amount	Total
<u>Statutory Commitments</u>		
<u>Debt Service</u>		
MPF Bonds	\$ 12,500,000	
Cactus League Bonds	1,900,000	
Wells Fargo Bank/Bank One	5,000,000	\$ 19,400,000
Tourism Promotion (a)		4,200,000
Cactus League		1,100,000
<u>Youth & Amateur Sports</u>		
Statutory distribution	\$ 1,108,333	
Reserve	1,008,333	2,116,667
Total Statutory Commitments		\$ 26,816,667
<u>Multipurpose Facility Project</u>		
General Contractor	\$ 83,506,503	
Construction Management	1,246,302	\$ 84,752,805
<u>Professional & Outside Services</u>		
Legal	\$ 490,209	
Financial	240,000	
Audit	25,000	
Public Relations	84,000	839,209
Total Financial Commitments - FY2003		\$ 112,408,680

(a) In FY2003, HB2708 requires that \$2.2 million of the total \$4.2 million be returned to the State's general fund