

**CENTURYLINK CENTER ARENA FUND**  
**A Special Revenue Fund of the City of Bossier City, Louisiana**

**FINANCIAL STATEMENTS AND SCHEDULES**

**DECEMBER 31, 2019**

**(With Independent Auditor's Reports Thereon)**

**CENTURYLINK CENTER ARENA FUND**  
**A Special Revenue Fund of the City of Bossier City, Louisiana**

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# HEARD, McELROY, & VESTAL

LLC

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June 24, 2020

The Honorable Members of the City Council and the  
Honorable Lorenz “Lo” Walker, Mayor  
City of Bossier City, Louisiana

## **Independent Auditor’s Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the CenturyLink Center Arena Fund, a special revenue fund of the City of Bossier City, Louisiana (the Arena) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Arena’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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the CenturyLink Center Arena Fund, a special revenue fund of the City of Bossier City, Louisiana, as of December 31, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the CenturyLink Center Arena Fund and do not purport to, and do not, present fairly the financial position of the City of Bossier City, Louisiana as of December 31, 2019, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 and budgetary comparison information listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Arena's basic financial statements. The schedule of compensation, benefits, and other payments to elected officials is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to elected officials is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to elected officials is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, on our consideration of the Arena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Arena's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

Management's Discussion and Analysis – Unaudited  
December 31, 2019 and 2018

We offer readers of the CenturyLink Center Arena Fund, a special revenue fund of the City of Bossier City's (Arena) financial statements, this narrative overview and analysis of the financial activities of the Arena for the fiscal years ended December 31, 2019 and 2018.

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Arena's financial statements. The Arena's financial statements comprise two components: (1) fund financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Arena, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Arena is composed of a single governmental fund.

**Financial Analysis of the Arena Fund**

*Governmental Fund*

The focus of the Arena's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Arena's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of the Arena's net resources available for spending at the end of the fiscal year.

The Arena has a fund surplus of \$450,486, which consists of \$18,700 non-spendable for prepaid items and an assigned surplus of \$431,786. The surplus will be utilized through future operations and/or maintenance of the Arena. Of the Arena's assets totaling \$3,732,363, 82% is in cash. The fund surplus increased by \$119,634 in 2019, after transfers of \$400,000 from the City of Bossier City (the City). Revenues were down in 2019 primarily due to a decrease in ancillary income which includes promoter share rebates. The additional events caused promotion expenses to increase exponentially. The decrease in ancillary income was largely offset by an increase in direct event income as the result of more performances. There was a slight increase in advertising income due to entering into additional contracts. Expenditures in 2019 increased \$110,273 primarily due to the increase in wages paid as the result of more performances.

	<u>2019</u>	<u>2018</u>
Assets	3,732,363	4,010,372
Liabilities	<u>3,281,877</u>	<u>3,679,520</u>
Fund balance	<u>450,486</u>	<u>330,852</u>

	<u>2019</u>	<u>2018</u>
<u>Change in fund balance:</u>		
Revenues	2,471,180	2,127,468
Expenditures	<u>2,751,546</u>	<u>2,611,273</u>
(Deficiency) of revenues over expenditures	(280,366)	(483,805)
Transfers in	<u>400,000</u>	<u>400,000</u>
Net change in fund balance	<u><u>119,634</u></u>	<u><u>(83,805)</u></u>

### **Budgetary Highlights**

The budget policy of the City of Bossier City complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, *Louisiana Local Government Budget Act* (LSA-R.S. 39:1301 et seq.).

The original budget for the Arena was adopted by the City Council on October 2, 2018. There were no amendments made in 2019. The most significant budget variance in the current year was related to ancillary income which was significantly below budget. Budget variances are not expected to have a significant effect on future services or liquidity.

### **Economic Factors and Next Year's Budgets and Rates**

Arena Management budgeted 2020 consistent with 2019. Budgeted revenues for 2020 were increased approximately \$156,000 particularly related to concessions and facility fees. Budgeted expenses for 2020 were also increased largely due to increased food and beverage expenses to be incurred with more shows. Events occurred subsequent to year end which are explained in Note 4 that prevent management from quantifying the impact to the 2020 budget. Accordingly, no budget amendments have been submitted.

### **Requests for Information**

This financial report is designed to provide a general overview of the Arena's finances for all those with an interest in the Arena's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Director of Finance of the City of Bossier City, P. O. Box 5337, Bossier City, Louisiana 71171, or by calling 318-741-8525.

## **FINANCIAL STATEMENTS**



**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

BALANCE SHEET

DECEMBER 31, 2019

ASSETS

Cash	3,043,623
Accounts receivable	670,040
Prepaid expenses	<u>18,700</u>
Total assets	<u>3,732,363</u>

LIABILITIES

Accounts payable and accrued expenses	484,456
Deferred revenue	145,000
Deposits	<u>2,652,421</u>
Total liabilities	3,281,877

FUND BALANCE

Non-spendable	18,700
Assigned for facility operations and maintenance	<u>431,786</u>
Total fund balance	<u>450,486</u>
Total liabilities and fund balance	<u>3,732,363</u>

See accompanying notes to financial statements.

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2019

**Revenues:**

Ancillary income	450,497
Advertising	441,564
Luxury box income	642,192
Direct event income	788,302
Other income	148,625
Total revenues	<u>2,471,180</u>

**Expenditures-culture and recreation:**

Executive	246,517
Finance	231,770
Operations	1,027,494
Marketing	171,815
Box office	94,183
Facility overhead	979,767
Total expenditures	<u>2,751,546</u>

**(Deficiency) of revenues over expenditures** (280,366)

**Other financing sources:**

Transfers in	<u>400,000</u>
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**Net change in fund balance** 119,634

**Fund balance, beginning of year** 330,852

**Fund balance, end of year** 450,486

See accompanying notes to financial statements.

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2019

**1. Summary of Significant Accounting Policies**

The CenturyLink Center Arena Fund of the City of Bossier City (the Arena) is a separate accounting entity of the City of Bossier City (the City). The fund was established to account for the operations of the 14,000-seat multipurpose arena constructed by the City. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The preparation of financial statements in conformity with government accounting standards requires management to classify the fund balances. The non-spendable classification includes amounts that are not in spendable form or required to be maintained intact. The assigned classification includes amounts intended to be used for a specific purpose that do not meet the criteria to be classified as restricted or committed. The accounts of the Arena are reported as a Special Revenue Fund within the City's financial statements. The accompanying financial statements present only the CenturyLink Center Arena Fund and are not intended to present fairly the financial position of the City and the results of its operations, in conformity with accounting principles generally accepted in the United States of America.

**(a) Basis of Presentation Fund Accounting**

Governmental fund financial statements are provided for the Arena. The Arena consists of only one governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Arena considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Rental income for luxury box suites and events and advertising income are susceptible to accrual and are recognized when earned or when the underlying transaction occurs. In addition, when advances are received on rentals of luxury box suites and advertising agreements, the advances are recorded as deferred revenue and income recognized over the term of the agreements when earned. Ancillary income consists of revenues from concessions, merchandise, and other sales. Ancillary revenue is recognized at the time of sale. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability has been incurred and has matured.

The operations of the Arena are incorporated into one special revenue fund. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through this fund.

All expenditures incurred in the operation of the Arena are accounted for in this fund, except capital assets and debt. All items of capital assets used by the Arena and bonds issued to

## **1. Summary of Significant Accounting Policies**

fund the construction of the Arena are accounted for in the government-wide financial statements of the City.

Transfers are periodically received from the City to cover any revenue shortfalls. These transfers are made on an as-needed basis.

### **(b) Accounts Receivable**

Accounts receivable consist of amounts due from luxury box rentals, advertisers, and SMG Food and Beverage, LLC (Note 3). Accounts receivable are presented net of any allowance. The allowance at December 31, 2019, was \$-0-, as all accounts were deemed collectible.

### **(c) Deferred Revenue**

The balance of deferred revenue represents advances received by the Arena on rentals of luxury box suites and advertising agreements. Income is recognized over the term of the rental agreement when earned.

### **(d) Deposits**

The balance of deposits represents advance ticket sales for events to be held at a future date. Income is recognized when the event is held. If an event is canceled, this amount is subject to refund.

## **2. Cash**

All cash deposits of the Arena are held by area financial institutions in the name of the Arena's management company. At December 31, 2019, total cash per the books was \$3,043,623 and included \$6,000 cash on hand. The carrying amount of the Arena's deposits were \$3,037,623 and the bank balance was \$3,098,536. The difference between carrying amount and bank balance is due to outstanding checks and deposits in transit at December 31, 2019.

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2019, \$250,000 of the \$3,098,536 bank balance held in the name of the Arena's management company was insured by the Federal Deposit Insurance Corporation. The remaining \$2,848,536 bank balance is exposed to custodial credit risk at December 31, 2019. Under Louisiana state law, all public funds are required to be covered by depository insurance or securities pledged by the bank; however, as these deposits are held in the name of the Arena's management company, a private company, state and federal laws prohibit banks from collateralizing these deposits.

## **3. Related Party Transactions**

### **(a) Management Fee**

The City has contracted with SMG to manage the operations of the Arena through December 31, 2020, with additional renewal periods. Management fees are approximately \$200,000 annually, payable in 12 installments, adjusted annually for changes in the consumer price index. For the year ended December 31, 2019, the base fee totaled \$210,277, which is included in the accompanying financial statements as facility overhead. In addition to the base fees, the City has also agreed to pay additional fees based on the performance of the operations of the Arena.

### **3. Related Party Transactions (Continued)**

#### **(b) Food and Beverage**

The City has also contracted with SMG Food and Beverage, LLC to provide the food and beverage concessions and catering at the Arena. For these services, SMG Food and Beverage, LLC receives 4% of the gross revenues collected in connection with the services they perform. For the year ended December 31, 2019, the Arena paid SMG Food and Beverage, LLC a fee of \$73,996 for their services. Also, at December 31, 2019, the Arena had a receivable from SMG Food and Beverage, LLC of \$305,411.

### **4. Subsequent Events**

The Arena has evaluated events and transactions that occurred after the financial position date but before the financial statements were made available for potential recognition or disclosure in the financial statements. Such events were evaluated through June 24, 2020, the date which the financial statements were available to be issued, and management noted no subsequent events except as stated in the following paragraphs.

Due to the recent outbreak of the COVID-19, a novel strain of coronavirus known as SARS-CoV-2, the World Health Organization has declared this outbreak to be a pandemic as of March 11, 2020. The impact to individuals, businesses, and the economy is currently being assessed. The extent of the impact of COVID-19 on the Arena's operational and financial performance and the corresponding effect on its financial condition and results of operations will depend on certain developments, including the duration and spread of the outbreak and its impact on global markets, and arena vendors and promoters, all of which are uncertain and cannot be predicted at this time.

As the result of a quarantine order issued by the Governor of Louisiana to slow the spread of COVID-19, numerous events were cancelled or rescheduled. Tickets purchased for events that have been cancelled will be refunded in full. Total advance ticket sales included in the financial statements for cancelled events approximated \$417,586. Tickets purchased for events that have been rescheduled will be refunded if the purchaser contacts the box office within 30 days of its reopening. Total advance ticket sales included in the financial statements for rescheduled events approximated \$95,764.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2019

	Actual	Original and Final Budget	Variance with Budget Positive (Negative)
<b><u>Revenues:</u></b>			
Ancillary income	450,497	1,271,463	(820,966)
Advertising	441,564	511,000	(69,436)
Luxury box income	642,192	571,000	71,192
Direct event income	788,302	372,104	416,198
Other income	148,625	251,500	(102,875)
Total revenues	2,471,180	2,977,067	(505,887)
<b><u>Expenditures-culture and recreation:</u></b>			
Executive	246,517	279,822	33,305
Finance	231,770	234,978	3,208
Operations	1,027,494	1,317,534	290,040
Marketing	171,815	174,928	3,113
Box office	94,183	89,759	(4,424)
Facility overhead	979,767	1,107,525	127,758
Total expenditures	2,751,546	3,204,546	453,000
<b><u>(Deficiency) of revenues over expenditures</u></b>	(280,366)	(227,479)	(52,887)
<b><u>Other financing sources:</u></b>			
Transfers in	400,000	400,000	-
<b><u>Net change in fund balance</u></b>	119,634	172,521	(52,887)
<b><u>Fund balance, beginning of year</u></b>	330,852	330,852	-
<b><u>Fund balance, end of year</u></b>	450,486	503,373	(52,887)

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

FOR THE YEAR ENDED DECEMBER 31, 2019  
(Unaudited)

**Budget and Budgetary Accounting**

The City utilizes formal budgetary integration as a management control device for the Arena. The City adopted a budget for the Arena using the following procedures:

- (1) Prior to October 15, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the means of financing them.
- (2) A public hearing is then conducted, after proper official journal notification, to obtain taxpayer comments.
- (3) Prior to December 15, the budget is legally enacted through passage of an ordinance.
- (4) The budget ordinance is structured such that revenues are budgeted by source, and appropriations are budgeted by department and by principal object of expenditure. The City Charter provides that expenditures may not legally exceed appropriations on a departmental basis, which is the same as the fund basis for the Arena, after considering fund surpluses or deficits. The City Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The budget was not amended in 2019.
- (5) The basis of accounting applied to budgetary data presented is substantially consistent with the basis of accounting for the Arena. Appropriations that are not expended lapse at year-end, except appropriations for capital improvements, which do not lapse until the purpose of the appropriation has been accomplished or abandoned.

**Unfavorable Budget Variances**

	Actual	Original and Final Budget	Variance with Budget
<u>Revenues:</u>			
Ancillary income	450,497	1,271,463	(820,966)
Advertising	441,564	511,000	(69,436)
Other income	148,625	251,500	(102,875)

Expenditures:

There were no unfavorable budget variances exceeding 5%



## **SUPPLEMENTARY INFORMATION**

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO ELECTED OFFICIALS

FOR THE YEAR ENDED DECEMBER 31, 2019  
(Unaudited)

Purpose	Amount									
	Lorenz Walker*	Jeffery Darby	Jeffrey Free	Thomas Harvey	Scott Irwin	Timothy Larkin	David Montgomery	Don Williams	Jim Whitman	Thomas Wilson
Salary	\$ 94,000	10,800	11,437	10,800	11,363	10,800	10,800	10,800	83,800	34,788
Benefits - insurance	14,346	9,870	9,868	526	9,870	9,868	9,868	526	13,544	9,947
Benefits - retirement	13,160	-	-	-	-	-	-	-	12,572	14,350
Vehicle	756	-	-	-	-	-	-	-	-	-
Reimbursements	106	-	-	-	-	-	-	250	-	-
Travel and training	643	-	-	-	-	-	2,389	-	-	-
Totals	\$ <u>123,010</u>	<u>20,670</u>	<u>21,305</u>	<u>11,326</u>	<u>21,233</u>	<u>20,668</u>	<u>23,056</u>	<u>11,576</u>	<u>109,916</u>	<u>59,085</u>

Notes: These officials are paid by the City of Bossier City, Louisiana. The CenturyLink Center Arena Fund is a special revenue fund of the City of Bossier City, Louisiana.

\* Indicates Agency Head

See accompanying independent auditors' report.

## **OTHER REPORTS**

# HEARD, McELROY, & VESTAL

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CERTIFIED PUBLIC ACCOUNTANTS

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June 24, 2020

The Honorable Members of the City Council and the  
Honorable Lorenz “Lo” Walker, Mayor  
City of Bossier City, Louisiana

**Independent Auditor’s Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the CenturyLink Center Arena Fund, a special revenue fund of the City of Bossier City, Louisiana (the Arena), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Arena’s basic financial statements and have issued our report thereon dated June 24, 2020.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Arena’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arena’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Arena’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2019-02 to be a material weakness.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Arena's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as 2019-01.

The CenturyLink Center Arena Fund's response to the findings identified in our audit are described in the accompanying management's corrective action plan for current year findings. The Arena's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Arena's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR DECEMBER 31, 2019

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the CenturyLink Center Arena Fund.
2. One (1) material weakness relating to the audit of the basic financial statements is reported.
3. One (1) instance of noncompliance relating to the basic financial statements of the CenturyLink Center Arena Fund was disclosed during the audit.
4. The CenturyLink Center Arena Fund was not subject to a Federal Single Audit for the year ended December 31, 2019.

**B. Findings – Financial Statement Audit**

2019-01: Budget Variance:

The Arena Fund had an unfavorable budget-to-actual variance of greater than 5% (>5%) in several line item accounts for the year ended December 31, 2019. The Budget Act requires the budget to be amended when variances exceed 5% by line item or by fund for the fiscal year. We recommend the Arena Fund management monitor the budget throughout the year and make the necessary budget amendments.

2019-02: Reconciliation of Various Balance Sheet Accounts:

- A. As a result of test-work over Accounts Receivable (A/R) – Consignment account, we noted the balance consisted of transactions not related to A/R Consignment. We recommend that management properly reconcile the account and implement controls to ensure transactions are recorded to the proper accounts.
- B. As a result of test-work over Advance Ticket Sales account, we noted several types of fees related to past events had not been cleared out of the liability account. We recommend that management properly reconcile the account and implement controls to ensure all activity is appropriately recorded.
- C. As a result of test-work over Advance Other Restoration Fee account, there were balances for multiple past events that had not been cleared out of the liability. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.

**B. Findings – Financial Statement Audit (Continued)**

- D. As a result of test-work over Advance Deposits, there were multiple past events that had not been cleared out of the liability. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.
- E. As a result of test-work over Deferred Revenue, we noted certain transactions were not appropriately recorded during the year. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.

**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS**

**FOR THE YEAR DECEMBER 31, 2019**

The following findings were reported for the Fund for the year ended December 31, 2018:

**2018-01: Budget Variance**

Status: Unresolved – repeated as 2019-01

The Arena Fund had an unfavorable budget-to-actual variance of greater than 5% (>5%) in several line item accounts for the year ended December 31, 2018. The Budget Act requires the budget to be amended when variances exceed 5% by line item or by fund for the fiscal year. We recommend the Arena Fund management monitor the budget throughout the year and make the necessary budget amendments.

**2018-02: Reconciliation of Various Balance Sheet Accounts**

Status: Unresolved – repeated as 2019-02

- A. As a result of test-work over Accounts Receivable (A/R) – Consignment account, we noted the balance consisted of transactions not related to A/R Consignment. We recommend that management properly reconcile the account and implement controls to ensure transactions are recorded to the proper accounts.
- B. As a result of test-work over Advance Ticket Sales account, we noted several types of fees related to past events had not been cleared out of the liability account. We recommend that management properly reconcile the account and implement controls to ensure all activity is appropriately recorded.
- C. As a result of test-work over Advance Other Restoration Fee account, we noted the liability account had a debit balance as the result not appropriately allocating money received for restoration fees to this account. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.
- D. As a result of test-work over Advance Deposits, there were multiple past events that had not been cleared out of the liability. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.
- E. As a result of test-work over Deferred Revenue, we noted certain transactions were not appropriately recorded during the year. We recommend that management properly reconcile the account and implement controls to ensure transactions are being accurately reported.



**CENTURYLINK CENTER ARENA FUND**  
A Special Revenue Fund of the City of Bossier City, Louisiana

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS**

**FOR THE YEAR DECEMBER 31, 2019**

**Finding 2019-01: Budget Variance**

The Arena Fund's management will monitor the budget and its related variances during the fiscal year, and propose budget amendments when necessary, and make efforts to review and maintain compliance with the Budget Act.

**Finding 2019-02: Reconciliation of Various Balance Sheet Accounts**

The Arena Fund's management will monitor the balance sheet accounts during the fiscal year and continue to reconcile the accounts monthly.