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DIXIE CENTER FOR THE ARTS

FINANCIAL REPORT

JUNE 30, 2006

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Release Date 5/30/07

DIXIE CENTER FOR THE ARTS

FINANCIAL REPORT

JUNE 30, 2006

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 9
OTHER REPORTS	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	11-12
Schedule of Findings and Questioned Costs	13
Management's Corrective Action Plan	14
Schedule of Prior Year Findings	15

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
Dixie Center for the Arts
212 North Vienna Street
Ruston, Louisiana 71270

I have audited the accompanying statement of financial position of the Dixie Center for the Arts (a nonprofit organization), as of June 30, 2006, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Dixie Center for the Arts. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dixie Center for the Arts, as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated May 7, 2007, on my consideration of the Dixie Center for the Arts's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.



Don M. McGehee
Certified Public Accountant
May 7, 2007

DIXIE CENTER FOR THE ARTS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2006

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 40,266
Unconditional Promises to Give	92,070
Inventory	1,208
Prepaid Expenses	<u>10,000</u>
TOTAL CURRENT ASSETS	<u>143,544</u>

OTHER ASSETS

Property and Equipment, Net	<u>2,521,387</u>
TOTAL OTHER ASSETS	<u>2,521,387</u>

TOTAL ASSETS **\$ 2,664,931**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,770
Payroll Tax Liability	849
Accrued Interest Payable	11,739
Notes Payable	<u>430,294</u>
TOTAL CURRENT LIABILITIES	<u>444,652</u>

NET ASSETS

Unrestricted	57,003
Temporarily Restricted	39,450
Permanently Restricted	<u>2,123,826</u>
TOTAL NET ASSETS	<u>2,220,279</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 2,664,931**

See accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

UNRESTRICTED NET ASSETS	
SUPPORT AND REVENUE	
Donations	\$ 96,384
Priority Partner Revenue	6,171
Donated Support	1,500
Event Income	15,332
Interest Income	652
Marquee Rental	125
Operating Grant	<u>2,658</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>122,822</u>
EXPENSES	
Programs	
Event Expense	6,311
Administration	
Advertising	531
Depreciation	1,502
Dues	625
Insurance	7,801
Interest	11,842
Miscellaneous	2,972
Office	3,341
Office Space Used	1,500
Postage	429
Repairs	1,969
Supplies	1,055
Wages	26,945
Taxes	895
Telephone and Utilities	11,134
Fund-Raising Expenses	<u>4,853</u>
TOTAL EXPENSES	<u>83,705</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>39,117</u>
TEMPORARILY RESTRICTED NET ASSETS	
Contributions from State Grant	735,483
Contributions from Others	123,964
Net Assets Released from Restrictions	<u>(909,440)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(49,993)</u>
PERMANENTLY RESTRICTED NET ASSETS	
Net Assets Released from Restrictions - all used to fund Renovations	<u>909,440</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>909,440</u>
INCREASE IN NET ASSETS	898,564
NET ASSETS-BEGINNING	<u>1,321,715</u>
NET ASSETS-ENDING	<u>\$ 2,220,279</u>

See accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Donations	\$ 39,284
Cash Received from Priority Partners	6,171
Cash Received from Events	15,332
Interest Received	652
Grant Proceeds for Operations	2,658
Cash Received for Rent of Marquee	125
Cash Payments for Supporting Services	(48,472)
Cash Payments to Employees	<u>(26,945)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(11,195)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Renovation Costs Paid	(1,563,785)
Purchase of Annex Building and Lot	<u>(50,437)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,614,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan Proceeds for Purchase of Annex Building	50,194
Loan Proceeds for Renovations to Theater	380,100
Cash Donations from the State Restricted for Renovations to Theater	964,054
Cash Donations from the Public Restricted for Renovations to Theater	<u>135,888</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,530,236</u>
NET DECREASE IN CASH	(95,181)
CASH AT BEGINNING OF YEAR	<u>135,447</u>
CASH AT END OF YEAR	<u>\$ 40,266</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in Net Assets	\$ 898,564
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	1,502
(Increase) Decrease in Promises to Give	(45,175)
(Increase) Decrease in Inventory	146
(Increase) Decrease in Prepaid Expenses	(9,205)
Increase (Decrease) in Accounts Payable	1,770
Increase (Decrease) in Payroll Tax Liability	836
Increase (Decrease) in Accrued Interest Payable	11,739
Donations Restricted for Renovations of Theater	<u>(871,372)</u>
Total Adjustments	<u>(909,759)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (11,195)</u>
SUPPLEMENTAL DISCLOSURE	
Noncash Operating Transaction	
Contributed Services (office space) to the Dixie Center for the Arts	<u>\$ 1,500</u>

See accompanying notes to financial statements.

DIXIE CENTER FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - HISTORY AND NATURE OF ACTIVITIES

The Dixie Center for the Arts was formed in 1997 to acquire and renovate the 1928 Dixie Theater and other local historic structures as part of the overall arts center strategy in the Ruston, Lincoln Parish, Louisiana area. In October 1997, the Dixie Center for the Arts successfully acquired the Dixie Theater.

From its inception through the year ended June 30, 2006, the Dixie Center for the Arts encouraged the interaction and participation of interested and capable people to assist in the restoration of the Dixie Theater. The restoration of the Dixie Theater was complete in May of 2006. The Dixie Center for the Arts has also worked and continues efforts to establish an arts complex in the downtown Ruston area and to promote the area as the arts center for North Central Louisiana. In conjunction with this effort, the Dixie has entered into contracts with three local arts organizations for the purpose of providing administrative support and services and a venue for performances. These three organizations, collectively referred to as Priority Partners, are the North Central Louisiana Arts Council (NCLAC), the Ruston Community Theatre (RTC), and the Ruston Civic Symphony Society (RCSS).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounts and records of the Dixie Center for the Arts, are maintained on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Basis of Presentation

Financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. The Dixie Center for the Arts is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

C. Public Support and Revenue

Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are initially reported as increases in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets or permanently restricted net assets, depending upon the donor's restriction, and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as income at the time the promises are made. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

DIXIE CENTER FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Public Support and Revenue (continued)

A number of volunteers have donated their time to the Dixie Center for the Arts's fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, goods, and use of facilities are reflected in the statement of activities at their fair values.

Conditional promises to give (matching promises to give) that do not meet the requirements of SFAS 116 are not recorded until the requirements of the match are met.

D. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Dixie Center for the Arts considers cash and cash equivalents to be amounts in demand accounts, money market accounts and certificates of deposits with maturities of less than 90 days. The carrying amounts in the statement of financial position approximate fair values because of the short-term maturities of these financial instruments.

E. Inventory

Inventory consists of historic Dixie Theater prints. Inventory is recorded at cost and is reported as an expenditure at the time of sale or use for fund raising projects.

F. Property and Equipment

Land, buildings, and equipment are stated at cost or at approximate fair value at the date of donation if donated. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis and recorded in the statement of activities. Depreciation life ranges are 3 - 10 years for furniture and equipment.

The Dixie Theater building is on the National Register of Historic Places and is considered to be a historic treasure whose economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. The Dixie Theater is considered to have culture, aesthetic and historical value that is worth preserving perpetually, and the Dixie Center for the Arts has the ability to protect and preserve the asset. Consequently, no depreciation is recognized on the Dixie Theater building and renovations. Funds expended for the Dixie Theater capital project are classified in the statement of net assets as permanently restricted net assets since the Dixie Theater's ownership and public access rights cannot be alienated, per agreements with the City of Ruston.

G. Use of Estimates

The Dixie Center for the Arts is required to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

H. Prepaid Insurance

Payments made to insurance companies for insurance coverage beyond the current accounting period are recorded as prepaid items in the asset section of the balance sheet.

DIXIE CENTER FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Income Taxes

The Dixie Center for the Arts, a non-profit organization, is exempt from both federal and state income taxes, pursuant to U. S. Internal Revenue Code Section 501(c)(3). Revenues earned from its exempt purpose are not subject to income tax. For the year ended June 30, 2006, the Dixie Center for the Arts had no unrelated earnings over the \$1,000 statutory exclusion.

J. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year-end.

NOTE 3 - CASH

The Dixie Center for the Arts deposits funds with a financial institution in the Ruston, Lincoln Parish area. Deposits are carried at cost, which approximates fair value. At June 30, 2006, the carrying amount of deposits was \$40,266 and the bank balance was \$75,838. The bank balance was covered by federal depository insurance.

NOTE 4 - DONATED SERVICES

Hunt Guillot and Associates, Inc. did not charge the Dixie Center for the Arts for the use of office space facilities during the first six months of the June 30, 2006 fiscal year the Dixie Center for the Arts utilized this space during renovations of the Dixie Theater. The fair value of this donation is reflected in the financial statements as Donated Support revenue and Office Space Used expense of \$1,500.

NOTE 5 - CONTRIBUTIONS AND PROMISES TO GIVE

The majority of contributions and promises to give are received from a broad base of contributors residing in the Lincoln Parish and North Louisiana area. Contributions and promises to give resulting from restoration project campaigns are considered to be implicitly restricted for the Dixie Theater renovation project. As funds are expended for the renovation project, the temporarily restricted net assets are reclassified to permanently restricted net assets if used for capital renovations and to unrestricted net assets if used for administrative renovation expenditures for the Dixie Theater. All promises to give are evaluated by the Dixie Center's board for uncollectible promises receivable at year-end. All promises are considered to be collectible, and no allowance is considered necessary.

Unconditional promises to give at June 30, 2006 consist of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Current promises to give due less than one year		
Pledges for Renovation Project	\$ 34,970	\$ 34,970
Pledges for Operations	<u>57,100</u>	<u>57,100</u>
Total Unconditional Promises to Give	<u>\$ 92,070</u>	<u>\$ 92,070</u>

DIXIE CENTER FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

Non-Depreciable Assets:	
Dixie Theater Building	\$ 90,550
Annex Building	37,828
Dixie Theater Lot	25,000
Corner Lot	25,400
Annex Lot	12,609
Theater Renovations	<u>2,298,251</u>
Total Non-Depreciable Assets	2,489,638
 Depreciable Assets:	
Furniture and Equipment	<u>55,167</u>
Total Property and Equipment	2,544,805
Less: Accumulated Depreciation	<u>(23,418)</u>
Net Property and Equipment	<u>\$ 2,521,387</u>

Depreciation expense on Furniture and Equipment for the year ended June 30, 2006 was \$1,502.

NOTE 7 - NOTES PAYABLE

Notes Payable at June 30, 2006, is as follows:

An unsecured revolving line of credit payable to Community Trust Bank with a variable interest rate that floats with prime (the rate at June 30, 2006 was 8.25%), due in October 2006.	\$ 380,100
A line of credit secured by the annex building payable to Community Trust Bank with a variable interest rate that floats with prime (the rate at June 30, 2006 was 8.25%), due in June 2007.	<u>50,194</u>
Total Notes Payable	<u>\$ 430,294</u>

Both of these notes are short-term with amounts due within one year.

NOTE 8 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Expenditures for Dixie Theater renovations and expenses	\$ <u>39,450</u>
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Net Assets were permanently restricted for the following purposes:

Capital expenditures made for the Dixie Theater renovations	\$ <u>2,487,447</u>
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DIXIE CENTER FOR THE ARTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 9 - COMMITMENTS AND AGREEMENTS

In the 2001 Regular Session, the State of Louisiana appropriated \$1,250,000 of its capital outlay budget to the City of Ruston, Louisiana, for the project entitled *Dixie Center for the Arts, Restoration of 1928 Theater, Planning and Construction (838,000 Local Match) (Lincoln)*, in Priority 1, FP&C Project No, 50-MQ2-99B-01 (the project). The State also provided for the issuance of State General Obligation Bonds of \$1,250,000. The State funds are limited to capital improvements for the project.

On May 29, 2002, the Dixie Center for the Arts, in association with the North Central Louisiana Arts Council (NCLAC), signed a Cooperative Endeavor Agreement with the City of Ruston, Louisiana, to acknowledge and confirm that the project constitutes a public purpose and will fulfill a need within Lincoln Parish pursuant to the Constitution of the State of Louisiana, and accordingly, the Dixie Center for the Arts shall maintain permanent public access to the property on which the project is located and shall not transfer, convey, sell, mortgage, assign or otherwise alienate its ownership or easement rights in the land and improvements of the project. The City and the Dixie Center for the Arts acknowledged and agreed that the funds provided by the State of Louisiana to the City shall be used solely for the purposes authorized and permitted by the document authorizing the funds.

NOTE 10 - CONTINGENCY

On July 8, 2002, the State of Louisiana Department of Environmental Quality (LDEQ) notified the Dixie Center for the Arts of environmental contamination in the vicinity of the Dixie Center for the Arts's corner lot. LDEQ has detected gasoline contamination in subsurface soil and groundwater from what they have determined was a leaking underground storage tank system on the property. The LDEQ installed a monitoring well in August of 2002 on the corner lot. A proposal for corrective action alternatives and a request for funding have been filed with the Louisiana Motor Fuel Underground Storage Tank (UST) Trust Fund for approval of the best remediation technology, which will address the cleanup and corrective action plan. The Dixie Center for the Arts has been verbally notified by the local LDEQ office that no corrective action is expected to be required on the property. Confirmation of this verbal notification is expected when all requirements have been documented with the LDEQ.

OTHER REPORTS

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

**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**

Board of Directors of the
Dixie Center for the Arts
212 North Vienna Street
Ruston, Louisiana 71270

I have audited the financial statements of the Dixie Center for the Arts (a non-profit organization), as of and for the year ended June 30, 2006, and have issued my report thereon dated May 7, 2007. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Dixie Center for the Arts's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Dixie Center for the Arts's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described below:

It came to my attention that the Dixie Center for the Arts, has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dixie Center for the Arts's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 2006-2.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Don M. McGehee
Certified Public Accountant
May 7, 2007

DIXIE CENTER FOR THE ARTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

I have audited the financial statements of the Dixie Center for the Arts, as of and for the year ended June 30, 2006, and have issued my report thereon dated May 7, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2006, resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

Section II Financial Statement Findings

2006-1. The office for the Dixie Center for the Arts, has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

2006-2. The Dixie Center for the Arts, did not have its financial audit completed within six months of the close of its year.

Section III Management Letter

No findings.

DIXIE CENTER FOR THE ARTS
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

2006-1. The Dixie Center for the Arts has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

2006-2. The Dixie Center for the Arts did not have its financial audit completed within six months of the close of its year, as required by state law.

MANAGEMENT'S RESPONSES

The Dixie Center for the Arts has an accounting workload that can be easily managed by one employee. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of the Dixie Center for the Arts's resources.

The Dixie Center for the Arts timely engaged an independent auditor to audit its financial statements. Problems arose during the audit primarily due to an unforeseen change in personnel in the outside auditor's firm. The complexity of the software utilized by the Dixie Center for the Arts was not compatible with the software of its outside auditor and required a personnel skill level at the auditor's office that was not available after his personnel change until after the mandated six month due date of the audit report. The Dixie Center for the Arts has replaced the complex software, made efforts to educate its accounting staff with the new system, and will monitor its relationship with its outside auditor to be certain it will meet its reporting obligations in the future.

DIXIE CENTER FOR THE ARTS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

CURRENT YEAR STATUS

2005-1. The Dixie Center for the Arts has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved - 2006-1.