

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2008

**HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

January 26, 2009

To the Board of Directors
Hattiesburg Tourism Commission

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hattiesburg Tourism Commission as of and for the years ended September 30, 2008 and 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hattiesburg Tourism Commission's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hattiesburg Tourism Commission, as of September 30, 2008 and 2007, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2009, on our consideration of the Hattiesburg Tourism Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Hattiesburg Tourism Commission has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



KING CPA, PLLC
Petal, Mississippi

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

EXHIBIT A

HATTIESBURG TOURISM COMMISSION
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008 AND 2007

	Governmental Activities	
	2008	2007
ASSETS:		
Cash and cash equivalents	\$ 591,705	\$ 588,914
Inventory	11,701	10,601
Due from other governments	120,940	55,453
Fixed assets, net	37,662	49,820
TOTAL ASSETS	\$ 762,008	\$ 704,788
 LIABILITIES & FUND BALANCES:		
Liabilities:		
Accounts payable	\$ 17,587	\$ 18,526
Accrued payroll & vacation	22,591	19,875
Total liabilities	40,178	38,401
 Net Assets:		
Invested in capital assets (net of related debt)	37,662	49,820
Reserved for unemployment	1,020	1,015
Designated for Operations Reserve	250,000	250,000
Unrestricted/Undesignated	433,148	365,552
TOTAL NET ASSETS	\$ 721,830	\$ 666,387

The accompanying notes are an integral part of the financial statements.

EXHIBIT B

HATTIESBURG TOURISM COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	Governmental Activities	
	2008	2007
PROGRAM EXPENSES:		
Payroll expense	\$ 332,552	\$ 290,538
Advertising and promotion	478,111	344,211
Event cost - Ms Hospitality	66,917	60,984
Operational costs	89,499	133,404
Depreciation and related asset charges	13,328	13,205
Total Program Expense	980,407	842,342
 PROGRAM REVENUES:		
Marketing fees - convention center	144,000	144,000
Event fees - Ms Hospitality	87,069	77,758
Other receipts	46,241	47,366
Total Program Revenue	277,310	269,124
 NET PROGRAM EXPENSE	(703,097)	(573,218)
 GENERAL REVENUES:		
Special sales tax	581,022	503,768
Grant proceeds - State of Ms	165,079	62,710
Interest income	12,439	13,871
Total General Revenues	758,540	580,349
 Increase in net assets	55,443	7,131
 NET ASSETS - Beginning of Year	666,387	659,256
NET ASSETS - End of Year	\$ 721,830	\$ 666,387

The accompanying notes are an integral part of the financial statements.

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008 AND 2007

		General Fund	
		2008	2007
ASSETS:			
Cash and cash equivalents		\$ 591,705	\$ 588,914
Inventory		11,701	10,601
Due from other governments		120,940	55,453
	Total Assets	\$ 724,346	\$ 654,968
 LIABILITIES			
Liabilities:			
Accounts payable		\$ 17,587	\$ 18,526
Accrued payroll & vacation		22,591	19,875
	Total Liabilities	40,178	38,401
 Fund Balances:			
Reserved			
Unemployment		1,020	1,015
Designated-			
Operations reserve		250,000	250,000
Undesignated-			
General Fund		433,148	365,552
	Total Fund Balance	684,168	616,567
	Total Liabilities and Fund Balance	\$ 724,346	\$ 654,968

The accompanying notes are an integral part of the financial statements.

EXHIBIT C-1

HATTIESBURG TOURISM COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Total Fund Balance-Governmental Funds (Exhibit C)	\$ 684,168	\$ 616,567
Amounts reported for net assets in the statement of net assets are different because:		
Capital Assets used in governmental activities are not financial resources and , therefore, are not reported in the funds		
Capital Assets	105,649	109,159
Less Accumulated Depreciation	<u>(67,987)</u>	<u>(59,339)</u>
Total Net Assets-Governmental Activities (Exhibit A)	<u>\$ 721,830</u>	<u>\$ 666,387</u>

The accompanying notes are an integral part of the financial statements.

EXHIBIT D

HATTIESBURG TOURISM COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

		General Fund	
		2008	2007
REVENUES			
Special sales tax		\$ 581,022	\$ 503,768
Marketing fees - convention center		144,000	144,000
Event fees - Ms Hospitality		87,069	77,758
State grants		165,079	62,710
Interest income		12,439	13,871
Other receipts		46,241	47,366
Total Revenues		1,035,850	849,473
 EXPENDITURES			
Payroll expense		332,552	290,538
Advertising and promotion		478,111	344,211
Event cost - Ms Hospitality		66,917	60,984
Operational costs		89,499	133,404
Capital outlay		1,172	4,685
Total Expenditures		968,251	833,822
Excess (deficiency) of revenues over expenditures		67,599	15,651
 FUND BALANCE, BEGINNING			
		616,569	600,916
 FUND BALANCE, ENDING			
		\$ 684,168	\$ 616,567

The accompanying notes are an integral part of the financial statements.

EXHIBIT D-1

HATTIESBURG TOURISM COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Net Change in fund balances-governmental funds (Exhibit D)	\$ 67,599	\$ 15,651
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported as expenditures in governmental funds but are not reported as expenses in the statement of activities. Instead, costs associated with capital assets are capitalized in the statement of net assets.</p>	1,172	4,685
<p>Depreciation is not an expenditure in governmental funds but is an expense of allocating the cost of capital assets over their estimated useful lives in the statement of activities.</p>	(12,879)	(13,205)
<p>In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:</p>		
Losses on the sale of capital assets	(449)	-
Change in net assets of governmental activities (Exhibit B)	<u>\$ 55,443</u>	<u>\$ 7,131</u>

The accompanying notes are an integral part of the financial statements.

HATTIESBURG TOURISM COMMISSION

NOTES TO FINANCIAL STATEMENTS

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Hattiesburg Tourism Commission was established under the provision of House Bill 1717 adopted by the Mississippi Legislature in the 1990 regular session. House Bill 1717 authorizes the mayor and city council of Hattiesburg, Mississippi, to create and establish the Hattiesburg Tourism Commission. The City of Hattiesburg considers the Commission a related organization. The Commission began operations November 1, 1990. Senate Bill No. 3124 later amended Chapter 878, local and private laws of 1990, to eliminate the repealer imposed on the Hattiesburg Tourism Commission.

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the Commission's governing board. As defined by generally accepted accounting principles, the Commission is considered an "other standalone government." The Commission is a related organization of, but not a component unit of, the City of Hattiesburg since the governing authorities of the municipality select the Commission's board but do not have financial accountability for the Commission.

Under the provisions of Senate Bill No. 3124, the Hattiesburg Tourism Commission shall consist of seven members appointed by the mayor and ratified by the city council. A special tax shall be levied upon the gross proceeds from hotel and motel overnight room rental, exclusive of charges for food, telephone, laundry, beverages and similar charges; and provide that such tax be paid to the state tax commission.

B. BASIS OF PRESENTATION

The commission's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements:

The government-wide financial statements report on all of the non-fiduciary activities of the primary government and its component units. The statement of net assets and the statement of activities display information about the Commission as a whole. Government wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity. The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include primarily fees and charges paid by the recipients of goods and services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

B. BASIS OF PRESENTATION (continued):

Fund financial statements:

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in governmental funds to be available if the revenues are collected within thirty (30) days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. BUDGETS AND BUDGETARY ACCOUNTING

Hattiesburg Tourism Commission has no legal budget requirements. The Commission provides budgetary data for management and reporting purposes using the following procedures:

1. The executive director of Hattiesburg Tourism Commission submits a proposed budget to the Board of Directors.
2. The board reviews the proposed budget, makes changes and approves.
3. Budgets for the Governmental Funds are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Directors.
4. Budget amendments are approved by board before year end.
5. The budgets appropriations lapse at the end of the fiscal year.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

E. COMPENSATED ABSENCES

Commission employees are entitled to certain compensated absences based upon their length of employment. Vacation leave is earned during the 12-month period that begins when the employee is eligible to earn vacation time. A waiting period of six months must be completed before vacation time can be used. After that, employees can request use of earned vacation time including that accrued during the waiting period. A maximum of fifteen days of unused vacation may be carried over into the following year. The remainder of the vacation time will be forfeited if not used within the benefit year. Upon termination of employment, each employee shall be paid for unused vacation time that has been accrued through the last day of work. There is no limit to accumulation of sick leave days. However, unused sick leave days will not be paid to employees while they are employed or upon termination of employment. Accrued leave, which includes vacation, is awarded on a fiscal year basis. Unused leave at September 30 is not carried forward.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

The commission deposits excess funds in financial institutions selected in accordance with state statutes.

Cash consists of amounts on deposit with financial institutions in non-interest-bearing accounts, interest-bearing demand accounts, savings accounts and certificates of deposits with 12 month maturity or less. Cash and investments are valued at cost. The carrying amount approximates fair value because of the short maturities of these instruments.

The carrying amount of Hattiesburg Tourism Commission deposits with financial institutions was \$591,705 and the bank balance was \$620,967.

The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2 – CASH AND CASH EQUIVALENTS (continued):

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the commission will not be able to recover deposits or collateral securities that are in the possession of an outside party. The commission does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the commission. Deposits above the FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasurer on behalf of the commission. As of September 30, 2008, none of the commission’s bank balance of \$620,967 was exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalized thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements.

Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ -	0
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3 – CAPITAL ASSETS (continued)

Capital Assets consist of the following:

	<u>9/30/2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2008</u>
Equipment	\$ 33,933		\$ (3,466)	\$ 30,467
Furniture	<u>75,226</u>	<u>1,172</u>	<u>(1,215)</u>	<u>75,183</u>
	<u>109,159</u>	<u>1,172</u>	<u>(4,681)</u>	<u>105,650</u>
Accumulated Depreciaton	<u>59,339</u>	<u>12,879</u>	<u>(4,232)</u>	<u>67,986</u>
Net Fixed Assets	<u>\$ 49,820</u>			<u>\$ 37,664</u>

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description:

The Hattiesburg Tourism Commission contributes to the Public Employee’s Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustment, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy:

PERS members are required to contribute 7.25% of their annual covered salary and Hattiesburg Tourism Commission is required to contribute at an actuarially determined rate. The current rate is 11.875% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Commission’s contributions to PERS for the fiscal years ending September 30, 2008 and 2007 were \$31,492 and \$26,870, respectively, which equaled the required contributions for each year.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5 –RELATED ORGANIZATIONS UNDER COMMON CONTROL

A. The Commission and the Area Development Partnership (ADP) have a contract to jointly provide services for the Lake Terrace Convention Center (LTCC). The Commission’s director, Richard Taylor, is also the director of the LTCC. Revenues from / expenditures to related parties are outlined below:

<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
LTCC	Management contract	\$ 144,000
LTCC	Reimbursements	\$ 32,875
<u>Expenditures to:</u>		
ADP	Office rent	\$ 10,440
LTCC	Accounting, Housekeeping & maintenance	\$ 5,117

B. The Hattiesburg Tourism Commission entered into a 10-year lease on October 1, 2004 with the Hattiesburg Convention Commission to move its operation to the second floor of the Visitors Center. As part of the agreement, the Hattiesburg Tourism Commission agreed to furnish and equip the second floor office and provide operational management in addition to its financial contribution to the project in exchange for relocation of Tourism offices to the building.

HATTIESBURG TOURISM COMMISSION

SUPPLEMENTAL INFORMATION

SCHEDULE-1

HATTIESBURG TOURISM COMMISSION
BUDGETARY COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
REVENUES			
2% Bed Tax	\$ 520,000	\$ 581,022	\$ 61,022
Program Revenue	220,200	232,887	12,687
Interest, Refunds, Misc	45,000	45,314	314
State Grants	120,000	165,079	45,079
Logo Shop Sales	12,000	11,548	(452)
TOTAL REVENUES	<u>\$ 917,200</u>	<u>\$ 1,035,850</u>	<u>\$ 118,650</u>
EXPENDITURES			
Operations	\$ 416,401	\$ 422,051	\$ (5,650)
Capital Expenditures	3,600	1,172	2,428
Advertising & Promotions	547,600	545,692	1,908
TOTAL EXPENDITURES	<u>967,601</u>	<u>968,915</u>	<u>(1,314)</u>
NET EXCESS (DEFICIT)	<u>\$ (50,401)</u>	<u>\$ 66,935</u>	<u>\$ 117,336</u>

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AUDIT OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 26, 2009

To the Board of Directors
Hattiesburg Tourism Commission

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hattiesburg Tourism Commission, as of and for the years ended September 30, 2008 and 2007, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 26, 2009. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

We consider the deficiency (2008-1) described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hattiesburg Tourism Commission's statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the board of aldermen, management, federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than these specified parties.



KING CPA, PLLC
Petal, Mississippi

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2008-1 Lack of Segregation of Duties – Small Entity

Management is responsible for establishing and maintaining a proper internal control system to ensure proper financial accountability and safeguarding of assets.

In performing our audit procedures we noted the lack of segregation of duties in authorizing, processing and recording financial transactions. We believe this is a result of the size and nature of the entity and its staff. However, the Commission has contracted with an accountant to provide these services and will continue to improve on these issues.