

*“Growing
our circle
of friends
one click
at a time.”
- Hattie*



2009 October 1, 2008 September 30, 2009 **annual report**
Hattiesburg **Tourism** Commission

Biography of VISITHATTIESBURG™

Tourism is a \$234 million a year industry in Hattiesburg and growing everyday

Created in 1990 by the Mississippi State Legislature, the Hattiesburg Tourism Commission (HTC), doing business as VISITHATTIESBURG™, serves as the official Destination Marketing Organization (Convention & Visitors Bureau), and local industry leader for tourism in the City of Hattiesburg.

VISITHATTIESBURG™ is governed by a 7 member board representing the business community and the local tourism industry. With primary funding generated by a 2% hotel bed tax, the guiding mission of VISITHATTIESBURG™ is very specific... to introduce new dollars into the Hattiesburg economy through increased short-term visitation and overnight stays.

In 2002, VISITHATTIESBURG™ embarked upon what would become an unprecedented marketing project within the Mississippi tourism industry. With professional consultation, VISITHATTIESBURG™ undertook a 16-month research study and branding project specifically designed to develop a BrandPrint™ to be used in the marketing efforts of VISITHATTIESBURG™. Both quantitative and qualitative research helped VISITHATTIESBURG™ identify Hattiesburg's key tourism markets, the consumer behavior habits of those markets and the best message and tactics for appealing to those markets. In October of 2003, the results of this study were unveiled and the current tourism branding campaign, utilizing the persona of Hattie to convey Hattiesburg's warmth and hospitality, was introduced.

Since then, VISITHATTIESBURG™ has been diligently working to implement the "Hattie" BrandPrint™, which includes a logo, tag line and advertising campaign. With the implementation of the BrandPrint™, many exciting projects have emerged, and the "look" of tourism has evolved into a recognizable brand with a consistent message that appeals to Hattiesburg's target markets. This BrandPrint™ has been recognized by 6 distinguished awards from national, regional and state tourism industry associations since its implementation, and has made VISITHATTIESBURG™ and Hattiesburg a leader in tourism branding and marketing in the Southeast region of the United States.

On March 31, 2004, another benchmark for tourism was made when VIS-

ITHATTIESBURG™ officially opened the doors to its new home in the Hattiesburg Visitors Center. The opening of the Hattiesburg Visitors Center further complemented the marketing goals of VISITHATTIESBURG™ by providing the organization with an identifiable "face." The Hattiesburg Visitors Center epitomizes the message of the tourism branding strategy... when visiting our area, what stands out above all is the warmth, friendliness and hospitality so uniquely characterized by Hattiesburg's people. Since opening, over 50 thousand visitors from around the globe have signed the guest book at the Visitors Center and been welcomed with Hattiesburg's hallmark hospitality.

From the start, local partnerships have played a critical role in the work of VISITHATTIESBURG™. Working with local hotels, restaurants and attractions (like the MS Armed Forces Museum and the Longleaf Trace), as well as partnering with entities such as the Hattiesburg Convention Commission, the Area Development Partnership, Hattiesburg's two local Universities, the Forrest County Multipurpose Center, the Historic Downtown Association and many others, is vital to VISITHATTIESBURG™'s efforts to grow our area's tourism industry. Through such partnerships, VISITHATTIESBURG™ has been able to serve as a catalyst for significant and unique events in Hattiesburg such as Pre-Olympic Training, the Mississippi Miss Hospitality Pageant, development of the Lake Terrace Convention Center, refurbishment of the Historic Saenger Theater, installation of a Blues Trail Marker on Historic Mobile Street and recruitment of various art-related exhibits to Historic Downtown Hattiesburg.

Among its many accomplishments, one of the highlights for VISITHATTIESBURG™ has been the recruitment of the 2009 Mississippi Tourism Association's Governor's Conference on Tourism, showcasing Hattiesburg to Mississippi's statewide tourism industry for the first time in the history of the event.

Industry-wide and across the nation, the makeup and daily activities of a Destination Marketing Organization (DMO) can vary; however, the primary purpose is generally the same – to serve as an economic development tool that markets and promotes an area's local tourism industry. In Hattiesburg,

VISITHATTIESBURG™ has remained true to its core role as a marketer and promoter of the local tourism industry, not a developer of bricks and mortar. Since its inception, the marketing and promotional activities of VISITHATTIESBURG™ have served as a catalyst for the local tourism industry and have resulted in the industry's growth into a \$234 million dollar economic engine for Hattiesburg (in 2007). Through its mission and goals, VISITHATTIESBURG™ is committed to continuing this economic growth while spreading Hattiesburg's fame far



HATTIESBURG TOURISM COMMISSION

CHAIR
MARSHALL BELL
At Large

VICE-CHAIR
DR. CATHIE PRICE
University of Southern Mississippi

CHRIS ROWELL
Hotel/Motel Industry

BONNIE WARREN
At Large

SANDRA FOSTER
Hotel/Motel Industry

TREASURER
STERLING RASCOE
Economic Development

SECRETARY
JAMES RATLIFF
At Large



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POST CARD
FOR CORRESPONDENCE FOR ADDRESS ONLY

Hattiesburg Lake Terrace Convention Center

In 1998, the HTC took on marketing management of the new Hattiesburg Lake Terrace Convention Center. In 11 years, the Center has hosted more than 1.5 million attendees and introduced more than 200 million new dollars to the Hattiesburg economy.



Mississippi's
Miss Hospitality Pageant

In 1997, the HTC recruited the Mississippi Miss Hospitality Pageant to Hattiesburg. Under the management of the HTC, young women travel to Hattiesburg each year to experience true hospitality. In 2009, the pageant celebrated 60 years of promoting tourism and economic development throughout Mississippi.

Among many special events, VH hosts MS Governor's Conference on Tourism in 2009

State Tourism leaders partake in Hattiesburg's unique hospitality during annual conference

VISITHATTIESBURG™, the official Destination Marketing Organization for Hattiesburg, was created in 1990 for the sole purpose of marketing the Greater Hattiesburg Area to potential tourists. VISITHATTIESBURG™'s efforts primarily consist of traditional marketing activities such as advertising, sales and promotions; however, the goal of drawing more visitors (and ultimately more dollars) to Hattiesburg has also been accomplished through VISITHATTIESBURG™'s role in special event marketing.

Since 1990, VISITHATTIESBURG™ has played a key role in marketing, supporting and in some cases, creating special events, such as Pre-Olympic Training in 1996 and the Mississippi Miss Hospitality Pageant since 1998. In 2008 and 2009, VISITHATTIESBURG™ was involved in numerous special events that served its ultimate mission of attracting more visitors.

Among serving as the destination marketer for such notable events as the Pine Belt Quilter's Biennial Fiber Art & Quilt Show and USM's Breaking the Veils International Art Exhibit, VISITHATTIESBURG™ also landed both the Mississippi Tourism Association's Governor's Conference on Tourism and the Mississippi Society of Association Executives Mid-Year Conference.

Hosted in February, the Governor's Conference on Tourism presented VISITHATTIESBURG™ with a unique opportunity to showcase Hattiesburg to a large audience of industry players and representatives for the first time in Hattiesburg's history.

A goal for more than a decade, VISITHATTIESBURG™ hosted delegates of MSAE in June 2009. This event provided the opportunity to showcase Hattiesburg to some of our most important customers... meeting planners.

Whether serving as a partner or the primary host, VISITHATTIESBURG™ played a key role in other special events held in 2008 and 2009, as highlighted in the timeline.

For more information about the Mississippi Tourism Association, visit mstourism.com.
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Breaking the Veils International Art Exhibit on display at Hattiesburg's Historic Train Depot during Fall 2008.



Unveiling ceremony of the Blues Trail marker on Historic Mobile Street, a project of VISITHATTIESBURG™.



Governor Haley Barbour addresses the Conference while VISITHATTIESBURG™ Executive Director Rick Taylor looks on.



Delegates participate in "Speed Dating" at the MSAE Mid-Year Conference.



Claire Walley, of Greene County, is crowned Miss Hospitality 2009 by Tori Ferguson, Miss Hospitality 2008.

2008

SEPTEMBER 29
Fireball Run

OCTOBER 6
Breaking the Veils
Exhibit Opens

OCTOBER 10-12
Pine Belt Quilter's
12th Biennial
Fiber Art & Quilt Show

OCTOBER 18
Blues Trail Marker Unveiling
on Historic Mobile Street

2009

FEBRUARY 1-28
Freedom Summer 1964 Exhibit

FEBRUARY 15-17
Mississippi Tourism Association's
Governor's Conference on Tourism

MARCH
City of Hattiesburg
125th Celebration Begins

MARCH 31
Hattiesburg Visitors Center
5th Anniversary

MAY 11-15
National Tourism Week 2009

MAY 31-JUNE 2
Mississippi Society
of Association Executives
Mid-Year Conference

JUNE 24-JULY 31
Midsummer's Daydream
Summer Concert Series

JULY 31-AUGUST 1
Mississippi
Miss Hospitality
Pageant

VISITHATTIE.COM makeover

Same address, new home

Highly-successful image campaign creates a welcoming smile for Hattiesburg tourism

On July 3, 2009, after 18 months of development, VISITHATTIESBURG™ launched one of the most exciting projects yet in its evolutionary development of the “Hattie” BrandPrint™...

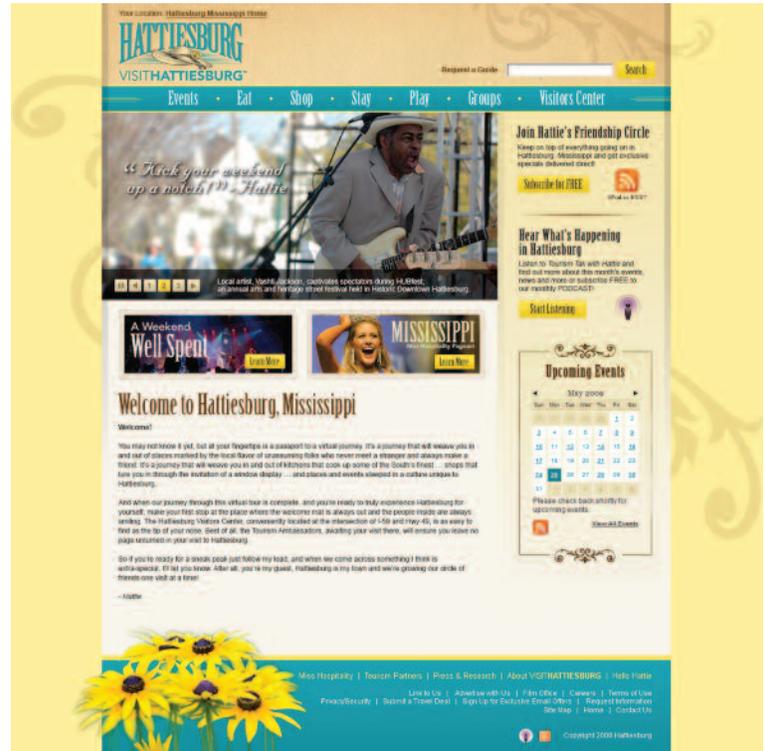
VISITHATTIE.COM! Yes, the web address is the same, but that’s the only thing that hasn’t changed.

VISITHATTIESBURG™ determined in January 2008 to launch a complete overhaul of VISITHATTIE.COM. The “new” site features a special section that caters specifically to group planners, as well as a special section for VISITHATTIESBURG™’s tourism partners. A “virtual” Visitors Center, a photo gallery of Hattiesburg stock photography and the opportunity to download *Tourism Talk with Hattie* are among other exciting new features on the site.

Among providing a comprehensive resource and information tool for potential visitors, the new and improved VISITHATTIE.COM will also serve to better familiarize industry stakeholders, as well as local residents with Hattiesburg’s ever-growing and compelling tourism product. As such, the new website will be an invaluable marketing tool for spreading Hattie’s unique brand of hospitality around the globe.

For Hattiesburg’s tourism industry, VISITHATTIESBURG™’s nationally-award winning “Hattie” BrandPrint™ has been creating a recognizable identity with a clear message and a consistent look and feel since October 2003. Best known for the hallmark hospitality of her people, Hattiesburg is the ideal affordable, family-friendly, weekend getaway. From ads and billboards to the new cutting-edge website, “Hattie” is busy spreading our message and our hospitality.

We invite you to join Hattie’s circle of friends! We’re just a click away and available 24/7 at VISITHATTIE.COM.



“Hattie” BrandPrint™ Projects

- | | |
|----------------------------------|------------------------------|
| Stationary Package | “Tourism Talk with Hattie” |
| Visitors Guide | Radio Jingle |
| Visitors Map | Lightpole Banners |
| Visitors Center Rack Card | “Hattie” Space Ads |
| Welcome Bags | “Hattie” Billboards |
| Red Carpet Services | Tourism Coloring Book |
| Tourism Photo Album | Hotel Key Cards |
| Tourism Video | “Hattie” Merchandise |
| Tourism Matters Newsletter | Hattiesburg Postcards |

VISITHATTIE.COM

“Growing our circle of friends, one click at a time.”
- Hattie

Southeast Tourism Society
CVB of the Year
Shining Example Award
2005-597842

Mississippi Tourism Association
CVB of the Year
2004

Travel and Tourism Research Association
Research-In-Action Award
2004

Hospitality Sales & Marketing Association International
Gold Adrian Award
2005
Hospitality Sales & Marketing

Association International
Silver Adrian Award
2005
Hospitality Sales & Marketing Association International

Bronze Adrian Award
2005

2008

7th Annual Tourism Summit • **October 23**

Delta Region Welcome Center Blitz to Adams, Washington, Coahoma & DeSoto Counties
• **October 30**

Open House at the Lauderdale County Welcome Center, Meridian, MS • **December 9**

Hotel Appreciation Holiday Blitz • **December 5**

Visitors Center Open House • **December 17**

2009

MTA Legislative Luncheon in Jackson
• **January 7**

St. Louis Golf Show • **January 23-25**

Mississippi Governor's Conference on Tourism, Hattiesburg • **February 15-17**

MSAE Lunch & Learn in Jackson
• **February 18**

Camp Shelby's Pre-Camp Conference
• **February 28**

Visitors Center Fifth Anniversary Celebration
• **March 31**

Travel South Showcase in Kissimmee, FL
• **April 4-7**

MSAE Lunch & Learn in Jackson • **April 29**

NTW Kick-off at City Hall • **May 11**

Tourism Industry "Thank You" Blitz • **May 12/13**

Tourism Partners Luncheon • **May 14**

Community Day at the Visitors Center • **May 15**

Mississippi Tourism Media Event, New York, NY
• **June 13**

Mississippi Miss Hospitality Pageant
• **July 31 - August 1**

Tourism Partners Roundtable • **August 18**



Your weekend information station

She never actually speaks and is only seen by her straw hat, yet Hattie's spirit can be heard every Friday morning on 98.1 FM as her guests promote the events that bring so many visitors to Hattiesburg. This year's guests included:

OCTOBER 2008

Betsy Rowell :: **Fall Art Walk**
Gloria Green :: **Pine Belt Quilt Show**
Deborah Delgado :: **Historic Mobile Street Festival**
Matt Martin :: **ZooBoo**
Traci Rouse :: **Rocky Horror**

NOVEMBER

Kristie Fairley :: **Family Friendly Holidays**
Gerry Burns :: **HCLC's High School Musical**
Mike Lopinto :: **Sandi Patty Concert**

DECEMBER

Sarah Newton :: **Holiday Art Walk / Victorian Christmas**
Traci Rouse :: **Babes in Toyland**
Matt Martin :: **Holiday Lights Zoofari**

JANUARY 2009

Pamela Pridgen :: **Ben Franklin Traveling Exhibit**
Kristie Fairley :: **2009 Tourism Resolutions**
Dinah Griffen :: **Hattiesburg Bridal Show**
Sherman Hong :: **City of Hattiesburg Concert Band**
Brooke Cruthirds :: **Freedom Summer Exhibit**

FEBRUARY

Derrick Ivy :: **Coca-Cola Classic Rodeo**
Rick Taylor :: **Governor's Conference on Tourism**
Traci Rouse :: **Daniel Bernard Roumain Concert**
Mike Lopinto :: **Southern Miss Symphony Orchestra**

MARCH

Betsy Rowell :: **Hattiesburg's 125th Celebration**
Betsy Rowell :: **HubFest**
Kristen Brock :: **Storybook Look Art Exhibit**
Norman Winter :: **Norman Winter Garden Show**

APRIL

Live @ Five / Art Walk :: Chris McDonald
Opal Smith Art Exhibit :: Patty Hall
May Fest :: Derrick Ivy

MAY

HCLC's Buddy Holly :: Greer Whitacre
National Tourism Week :: Kristie Fairley
Randy Travis Concert :: Derrick Ivy
AAMHM Grand Opening :: Rick Taylor
Daylily Show :: Nancy Chain

JUNE

Carey Dinner Theater :: Oubre Quave
Midsummer's Daydream Concert Series :: Betsy Rowell
Art Colony Exhibit :: Patty Hall
visithattie.com :: Kristie Fairley

JULY

Carey Dinner Theater :: Tim Matheny
Mississippi Armed Forces Museum :: Dixie Thornton
Mississippi Miss Hospitality Pageant :: Traci Rouse
Mississippi's Miss Hospitality 2009 :: Tori Ferguson

AUGUST

Hattiesburg Civic Light Opera :: Vicki Stephan
Southern Miss Arts Gala :: Mike Lopinto
Great Southern Stampede #1 :: Derrick Ivy
Great Southern Stampede #2 :: Derrick Ivy

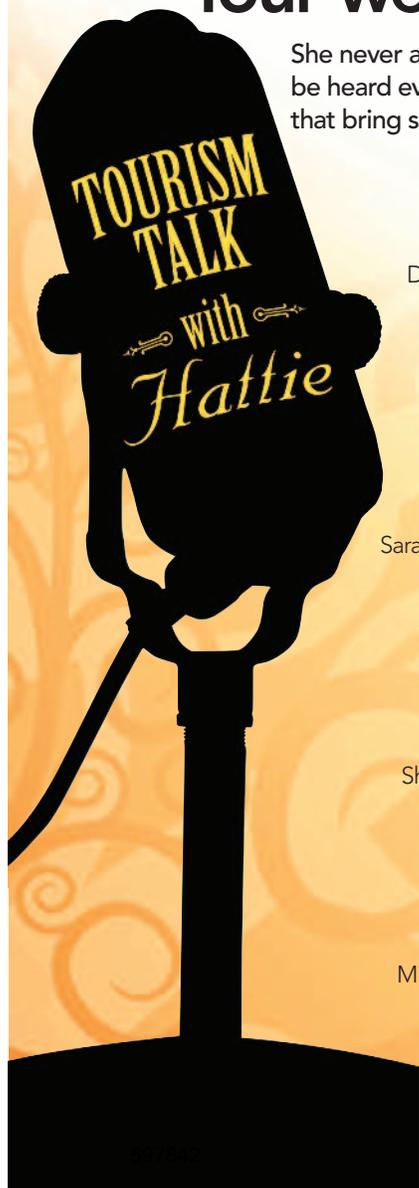
SEPTEMBER

Saenger's 80th Anniversary Gala :: Traci Rouse
Brown Bag Concert Series :: Patty Hall
Live @ Five :: Sarah Newton
Fall Art Walk :: Betsy Rowell

ON AIR

Fridays @ 7:45 a.m.

98.1FM



Hattiesburg Visitors Center celebrates 50,000th visitor and fifth year

2009 has brought a series of milestones to the Visitors Center

When John and Loretta Vella walked into the Hattiesburg Visitors Center on a Wednesday afternoon they had no idea that they would be receiving a lot more than just directions.

Operated by VISITHATTIESBURG™, the Hattiesburg Visitors Center has been serving visitors to our area with Hattiesburg's hallmark brand of hospitality since its opening on March 31, 2004. Over the past five years, thousands of visitors from all 50 states and around the globe have signed the guest book at the Visitors Center.

However, Wednesday, July 8th was a particularly special day for both the Visitors Center and the Vella family. On their way from their home in Claremore, Oklahoma to their daughter's wedding in Florida, the Vella's stopped by the Hattiesburg Visitors Cen-

ter for directions. When they walked through the doors of the Visitors Center they were greeted with a party... in their honor!

Much to their surprise, the Vella's represented the 50,000th visitor at the Hattiesburg Visitors Center, a highly anticipated milestone.

Their travels had once before brought John Vella through the area, but for his wife, Loretta Vella, it was her first impression of Hattiesburg – needless to say, it was a surprisingly memorable experience.

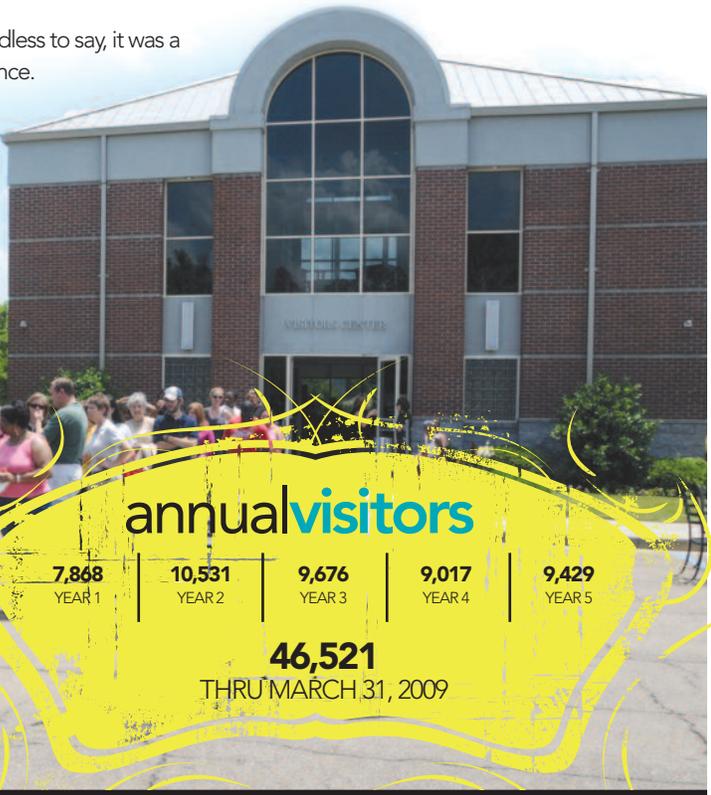
Earlier in the year, on March 31, the Visitors Center hosted another party in honor of its

5th Birthday. Since its opening more than five years ago, it has been the combination of an impressive facility with the warmth and friendliness offered by the Center's professional Tourism Ambassadors that has truly set the Hattiesburg Visitors Center apart from other like facilities in the nation.

But don't take our word for it! Stop by the Visitors Center and experience first-hand the hospitality shown to visitors from all 50 states and more than 25 foreign countries.



ABOVE: John and Loretta Vella of Claremore, Oklahoma are welcomed as the Visitors Center's 50,000th visitors. BELOW: Community Day guests enjoy their Bottling Company burgers at the Visitors Center.



Red Carpet Services

Red Carpet Services (RCS) is a program of VISITHATTIESBURG™ which promotes a variety of complimentary services offered to planners considering Hattiesburg for their motorcoach tour, meeting or convention, sporting event or reunion.

A marketing tool to differentiate Hattiesburg, RCS makes it easy for the decision-maker to choose to bring their group's tourism dollars to Hattiesburg. The complimentary services offered through RCS are based on overnight stays.

For more information, contact a VISITHATTIESBURG™ Tourism Ambassador at 601.296.7475.



Evolution of Hattiesburg's Tourism Industry

- 1990 • State legislature creates Hattiesburg Tourism Commission
- 1991 • Timberton Golf Club opens
- 1994 • Golf Package Marketing begins
- 1995 • Tatum Park softball/soccer complex opens
- 1996 • International Olympic Teams train in Hattiesburg
Hattiesburg Library opens
- 1997 • HTC recruits the Mississippi Miss Hospitality Pageant
- 1998 • Lake Terrace Convention Center opens
Canebrake Golf Course opens
- 2000 • Longleaf Trace recreational trail opens
HHDA receives revitalization plan
Historic Saenger Theater re-opens
- 2001 • Shadow Ridge Golf Club opens
Armed Forces Museum opens
HHDA hosts Art Walk
- 2002 • Hattiesburg's First National Tourism Week Campaign
Inaugural Tourism Summit
Walnut Street Development in Historic Downtown begins
- 2003 • Tourism trolleys purchased
Tatum Park sports complex expansion begins
HTC unveils new Hattiesburg BrandPrint™
- 2004 • Hattiesburg Visitors Center opens
Mississippi Tourism Association honors HTC with Excellence in Tourism Award / Outstanding CVB
Travel & Tourism Research Association honors HTC with Research-In-Action Award
Southeast Tourism Society honors HTC with Shining Example Award / CVB of the Year
Visitors to Hattiesburg spend \$150 million
- 2005 • Hospitality Sales and Marketing Association International honors HTC with three awards for "Hattie" BrandPrint™
HTC joins Hattiesburg Hotel and Lodging Association in raising \$25,000 in Tourism Hurricane Recovery Funds
HHDA honors HTC with 2005 Philanthropy Award for Hurricane Assistance
Visitors to Hattiesburg spend \$160 million
- 2006 • Mississippi Tourism Hall of Fame inducts HCVB Director, Rick Taylor
Inaugural Mobile Street Renaissance Festival
Visitors to Hattiesburg spend \$171 million
- 2007 • HTC awarded \$2 million HUD advertising grant
Hattiesburg's Historic Train Depot re-opens
Thad Cochran Center at Southern Miss opens
HTC changes operating name to VISITHATTIESBURG™
Hotel inventory grows to more than 2,500 rooms
Visitors to Hattiesburg spend \$211 million
- 2008 • Blues Trail Marker unveiled on Historic Mobile Street
Downtown hosts the first "Live @ Five" Concert Series
Visitors to Hattiesburg spend \$227 million
- 2009 • VH hosts Governor's Conference on Tourism
City of Hattiesburg hosts 125th Celebration
Visitors Center celebrates 5th year
Miss Hospitality celebrates 60 years
African-American Military History Museum opens
The Bakery @ Buschman development opens
Saenger Theater celebrates 80 years
HHDA completes phase one of street light project
Visitors to Hattiesburg spend \$234 million

Stay with friends

Five Convention Center Plaza



Hattiesburg, Mississippi 39401 • 866.4HATTIE

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

**HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2009**

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Mississippi Society of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

February 23, 2010

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, 2009 and 2008, 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, 2009 and 2008, 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.

Independent Auditors Report
February 23, 2010
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2010, 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, 2009 AND 2008

	Governmental Activities	
	2009	2008
ASSETS:		
Cash and cash equivalents	\$ 695,460	\$ 591,705
Inventory	10,513	11,701
Accounts receivable	4,221	-
Due from other governments	139,957	120,940
Fixed assets, net	24,821	37,662
TOTAL ASSETS	\$ 874,972	\$ 762,008
 LIABILITIES & FUND BALANCES:		
Liabilities:		
Accounts payable	\$ 39,481	\$ 17,587
Accrued payroll & vacation	25,344	22,591
Total liabilities	64,825	40,178
 Net Assets:		
Invested in capital assets (net of related debt)	24,821	37,662
Restricted net assets:		
Reserved for unemployment	1,025	1,020
Unrestricted net assets	784,301	683,148
TOTAL NET ASSETS	\$ 810,147	\$ 721,830

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, 2009 AND 2008

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
PROGRAM EXPENSES:		
Payroll expense	\$ 358,199	\$ 332,552
Advertising and promotion	450,909	478,111
Event cost - MS Miss Hospitality	62,753	66,917
Operational costs	86,835	89,499
Depreciation and related asset charges	<u>12,841</u>	<u>13,328</u>
Total Program Expense	<u>971,537</u>	<u>980,407</u>
PROGRAM REVENUES:		
Management fees - LTCCC	144,000	144,000
Event fees - MS Miss Hospitality	73,469	87,069
Other receipts	<u>14,894</u>	<u>46,241</u>
Total Program Revenue	<u>232,363</u>	<u>277,310</u>
NET PROGRAM EXPENSE	<u>(739,174)</u>	<u>(703,097)</u>
GENERAL REVENUES:		
Special sales tax	564,247	581,022
Grant proceeds - State of Ms	257,258	165,079
Interest income	<u>5,986</u>	<u>12,439</u>
Total General Revenues	<u>827,491</u>	<u>758,540</u>
Increase in net assets	88,317	55,443
NET ASSETS - Beginning of Year	<u>721,830</u>	<u>666,387</u>
NET ASSETS - End of Year	<u>\$ 810,147</u>	<u>\$ 721,830</u>

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

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009 AND 2008

	General Fund	
	2009	2008
ASSETS:		
Cash and cash equivalents	\$ 695,460	\$ 591,705
Inventory	10,513	11,701
Accounts receivable	4,221	-
Due from other governments	139,957	120,940
Total Assets	\$ 850,151	\$ 724,346
 LIABILITIES		
Liabilities:		
Accounts payable	\$ 39,481	\$ 17,587
Accrued payroll & vacation	25,344	22,591
Total Liabilities	64,825	40,178
 Fund Balances:		
Reserved		
Unemployment	1,025	1,020
Designated-		
Revenue reserves	350,000	250,000
Grant match	80,000	-
Arts coalition	50,000	-
Undesignated-		
General Fund	304,301	433,148
Total Fund Balance	785,326	684,168
Total Liabilities and Fund Balance	\$ 850,151	\$ 724,346

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Total Fund Balance-Governmental Funds (Exhibit C)	\$ 785,326	\$ 684,168
<p>Amounts reported for net assets in the statement of net assets are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and , therefore, are not reported in the funds</p>		
Capital Assets	99,979	105,649
Less Accumulated Depreciation	<u>(75,158)</u>	<u>(67,987)</u>
Total Net Assets-Governmental Activities (Exhibit A)	<u>\$ 810,147</u>	<u>\$ 721,830</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, 2009 AND 2008

		General Fund	
		2009	2008
REVENUES			
Special sales tax		\$ 564,247	\$ 581,022
Management fees - LTCCC		144,000	144,000
Event fees - MS Miss Hospitality		73,469	87,069
State grants		257,258	165,079
Interest income		5,986	12,439
Other receipts		14,894	46,241
Total Revenues		1,059,854	1,035,850
 EXPENDITURES			
Payroll expense		358,199	332,552
Advertising and promotion		450,909	478,111
Event cost - MS Miss Hospitality		62,753	66,917
Operational costs		86,835	89,499
Capital outlay		-	1,172
Total Expenditures		958,696	968,251
Net Change in Fund Balance		101,158	67,599
FUND BALANCE, BEGINNING		684,168	616,569
FUND BALANCE, ENDING		\$ 785,326	\$ 684,168

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Net Change in fund balances-governmental funds (Exhibit D)	\$ 101,158	\$ 67,599
Amounts reported for governmental activities in the statement of activities are different because:		
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.	-	1,172
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.	(12,083)	(12,879)
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:		
Losses on the sale of capital assets	(758)	(449)
Change in net assets of governmental activities (Exhibit B)	<u>\$ 88,317</u>	<u>\$ 55,443</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, 2009

NOTE 1- SUMMARY OF SINGIFICANT 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 changes; 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, 2009

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, 2009

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 credited for retirement service 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 but may be credited toward retirement service. Accrued leave, which includes vacation, is awarded on a fiscal year basis.

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 \$695,460 and the bank balance was \$689,660.

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, 2009

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, 2009, \$37,742 of the commission’s bank balance of \$689,660 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, 2009

NOTE 3 – CAPITAL ASSETS (continued)

Capital Assets consist of the following:

	<u>9/30/2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2009</u>
Equipment	\$ 30,467	\$ -	\$ (5,670)	\$ 24,797
Furniture	<u>75,182</u>	<u>-</u>	<u>-</u>	<u>75,182</u>
	<u>105,649</u>	<u>-</u>	<u>(5,670)</u>	<u>99,979</u>
Accumulated Depreciaton	<u>67,987</u>	<u>12,083</u>	<u>(4,912)</u>	<u>75,158</u>
Net Fixed Assets	<u>\$ 37,662</u>			<u>\$ 24,821</u>
Loss on Disposal			<u>\$ (758)</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 12.00% 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, 2009 and 2008 were \$33,634 and \$31,492, respectively, which equaled the required contributions for each year.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5 –RELATED ORGANIZATIONS UNDER COMMON CONTROL

A. The Commission has a contract to provide management services and advertising and promotion for the Lake Terrace Convention Center (LTCC). The Commission’s director, Richard Taylor, is also the director of the LTCC. The Commission was fiscal agent for a joint Mississippi Development Authority contract between itself and the LTCC. The Commission also reimburses the LTCC for administrative services such as accounting, maintenance, and utilities. The LTCC provides services to the Commission for various events. Revenues from / expenditures to related parties are outlined below:

<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Management contract	\$ 144,000
	Reimbursements for advertising and promotion	\$ 7,904
<u>Expenditures to:</u>		
	Administrative services	\$ 8,681
	Event services	\$ 24,148
	Shared state grants	\$ 118,032

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, 2009**

	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
REVENUES			
2% Bed Tax	\$ 530,400	\$ 564,247	\$ 33,847
Program Revenue	222,800	221,698	(1,102)
Interest, Refunds, Misc	13,060	6,917	(6,143)
State Grants	175,000	257,258	82,258
Logo Shop Sales	<u>12,000</u>	<u>9,734</u>	<u>(2,266)</u>
TOTAL REVENUES	<u>\$ 953,260</u>	<u>\$ 1,059,854</u>	<u>\$ 106,594</u>
EXPENDITURES			
Operations	\$ 460,126	\$ 457,875	\$ 2,251
Capital Expenditures	5,200	-	5,200
Advertising & Promotions	<u>487,450</u>	<u>513,662</u>	<u>(26,212)</u>
TOTAL EXPENDITURES	<u>952,776</u>	<u>971,537</u>	<u>(18,761)</u>
NET EXCESS (DEFICIT)	<u>\$ 484</u>	<u>\$ 88,317</u>	<u>\$ 87,833</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**

February 23, 2010

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, 2009 and 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 23, 2010. 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.

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.

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.

Compliance and Internal Control Report
Page Two
February 23, 2010

Our consideration of 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 internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

A handwritten signature in black ink that reads "King CPA, PLLC". The signature is written in a cursive style and is positioned to the left of a vertical red line.

KING CPA, PLLC
Petal, Mississippi