



2014

Annual Report

HATTIESBURG

10.1.13 - 9.30.14

Biography of VISITHATTIESBURG™

Tourism is a \$255 million a year industry in Hattiesburg and growing every day

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 seven-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: 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 ultimately lead VISITHATTIESBURG™ to the "Hattie" brand campaign, which is built upon the acclaimed warmth and friendliness of Hattiesburg's people.

This BrandPrint™ was recognized with six distinguished awards from national, regional and state tourism industry associations since its implementation, and has made 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 VISITHATTIESBURG™ 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 100,000 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, 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 two Blues Trail Markers, recruitment of various art-related exhibits to Historic Downtown Hattiesburg and most recently, the development of the Hattiesburg Zoo.

Among its many activities, the scope of work for VISITHATTIESBURG™ evolved and expanded in 2010 to include oversight of all marketing activities for the facilities managed by the Hattiesburg Convention Commission. These facilities include the Lake Terrace Convention Center, Hattiesburg Saenger Theater, African American Military History Museum, Historic Eureka School Museum and the Hattiesburg Zoo.

Industry-wide and across the nation, the makeup and daily activities of a Destination Marketing Organization (DMO) can vary from city to city; 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 \$255 million economic engine for Hattiesburg (in 2013). Through its mission and goals, VISITHATTIESBURG™ is committed to continuing this economic growth while spreading Hattie's fame far and wide.



CHAIR
MARSHALL BELL
At-Large

VICE-CHAIR
DR. CATHIE PRICE
University of Southern Mississippi

FRANK JAMES
Hotel/Motel Industry

BONNIE WARREN
At-Large

SANDRA FOSTER
Hotel/Motel Industry

CHRIS ROWELL
Economic Development

SECRETARY/TREASURER
JAMES RATLIFF
At-Large



The Value of Tourism

Hattiesburg's tourism industry
grew **3%** last year

Visitor Spending

National.... **\$887.9** Billion

State..... **\$6.25** Billion

Local..... **\$255** Million



13,500

Jobs in the
Mississippi
tourism
industry

4,060

Jobs in the
Hattiesburg
tourism
industry



21.6 million
tourists visited
Mississippi
last year

Tourism provides
\$456
in tax relief for
Hattiesburg
residents

Spending on new
tourism projects
LOCALLY went up
94% for a total of

\$4.4 million

Projects include
hotels, restaurants
and attractions.



Since 2004, over
100,000 tourists
from around the
globe have registered
at the Hattiesburg
Visitors Center

HATTIESBURG

Honing in on our craft

Campaign asserts Hattiesburg's authentic flavor and local craft



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™.

emerge as a haven for the craft beer movement across the state. As host to many of the events surrounding Mississippi Craft Beer Week, home to founders of the Mississippi Brewery Trail and the largest population of craft beer bars in the state, Hattiesburg is now a notable stakeholder in the industry.

VISITHATTIESBURG™ honed in on that craft and has since been producing new creative work highlighting local fare, rich culture and the regional trademark — craft beer. The campaign uses an assortment of curated and user-generated photographs, drawing on the authentic gentility of this vibrant — and crafty — community.

In 2003, the results of this study were unveiled and a tourism branding campaign was launched utilizing the persona of Hattie to convey Hattiesburg's warmth and hospitality. The campaign found success for over ten years, promoting Hattiesburg as the ideal, affordable, family-friendly, weekend getaway.

The user-generated content is collected through the use of several unique hashtags which live across print, digital, and outdoor promotions, as well as all major social media platforms. A collection of photographs appears in each of the ads, which collectively emphasize Hattiesburg's local flavor and genuine craftsmanship.

Beginning in 2014, the Hattie brand manifested a fresh, distinctive approach inspired by Hattiesburg's swiftly growing craft beer culture. After 2012, when the admissible alcohol content in beer was raised from 5% to 8% and homebrewing was legalized in Mississippi, Hattiesburg began to

We invite you to craft your next adventure in Hattiesburg!



Miss Hospitality spreads goodwill through Mississippi and beyond

Hailey Thomas traveled more than 30,000 miles in 2013-2014 to promote state

The Mississippi Miss Hospitality Pageant highlights southern hospitality at its finest. Miss Hospitalitys from across the state have been promoting tourism and economic development since 1949, and the tradition continues as young ladies between the ages of 18 and 24 are identified, honored, and utilized each year for the ultimate purpose of serving as Mississippi's Goodwill Ambassador. A program of VISITHATTIESBURG™, the Pageant is presented in partnership with the University of Southern Mississippi and the City of Hattiesburg.

In July of 2013, Hailey Thomas was crowned Mississippi's 64th Miss Hospitality at the Saenger Theater in Historic Downtown Hattiesburg. A student at the University of Mississippi and representing Meridian, Thomas competed with 38 other contestants from across the state for the Miss Hospitality crown and title.

Thomas spent her reign traveling more than 30,000 miles promoting tourism and economic development in Mississippi while serving as the state's Goodwill Ambassador. She, like past Miss Hospitalitys, represented the state through the Mississippi Development Authority and made countless appearances at annual events such as the Dixie National Parade, Neshoba County Fair, Mississippi Day in Central Park and numerous other local and regional events.

For all contestants spending Pageant week in Hattiesburg, the program provided opportunities to polish public speaking and interview skills, as well as poise and interpersonal relations. Areas of competition included two phases of interviews, presenting a Mississippi speech and competing on-stage in commercial and evening gown competitions. All said, more than \$100,000 in scholarships and prizes was awarded to these deserving young women.

The Miss Hospitality Pageant dates back to 1949, when then-Governor Fielding Wright and the Mississippi Legislature established the program for the purpose of promoting Mississippi's tourism product. The Pageant found its home in Hattiesburg in 1997 after being hosted along the Gulf Coast and Starkville for many years. In its new city, this distinguished program contributes more than \$450,000 to the local economy each year.



- **July 2013** – Crowned Mississippi Miss Hospitality in Hattiesburg, MS
- **September 2013** – Governor's Conference on Tourism in Tunica, MS
- **October 2013** – Natchez Fall Pilgrimage in Natchez, MS
- **November 2013** – Delta Welcome Center Blitz across the MS Delta
- **December 2013** – Delta Band Festival Christmas Parade in Greenwood, MS
- **December 2013** – Meridian Christmas Parade in Meridian, MS

- **February 2014** – Dixie National Parade in Jackson, MS
- **April 2014** – Mississippi Celebrity Easter Egg Hunt and Toss in Jackson, MS
- **May 2014** – Okatoma Festival in Collins, MS
- **June 2014** – Mississippi Day in Central Park in New York City
- **July 2014** – Crowned Bonnie Blue Dulaney as the 2014 Mississippi Miss Hospitality



visits from our friends

Total visitors: 10,528
 All 50 states
 21 international countries:

- | | | |
|-------------|---------------|---------------|
| • Argentina | • Honduras | • New Zealand |
| • Australia | • Hungary | • Nigeria |
| • Bahamas | • Ireland | • Poland |
| • Canada | • Italy | • Scotland |
| • England | • Malaysia | • Sweden |
| • Germany | • Mexico | • Switzerland |
| • Holland | • Netherlands | • Taiwan |

- 10/3/13 2 Visitors from Illinois said *"Nicest visitors center we've visited in the U.S.!"*
- 1/20/14 3 Visitors from Nebraska said *"Best service I've ever had!"*
- 4/25/14 4 Visitors from Ohio said *"Beautiful picnic area!"*
- 8/8/14 2 Visitors from Texas said *"Very accommodating! I wish I had more space to say thanks. Mrs. Frances was so helpful and understood our needs. She truly embodied what one expects from a visitors center: Thanks!"*
- 8/28/14 2 Visitors from Texas said *"We always look forward to this stop!"*
597848

VISITHATTIESBURG™ rolls out the red carpet to groups of all sizes

Specialized services provide hospitality and support to groups visiting Hattiesburg

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 our area. The complimentary services offered through RCS are based on overnight stays.

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

2013 Conference Highlight

Name of Group

Mississippi Chapter of the American Planning Association

Name of Conference

2013 Annual Fall Conference

Dates of Conference

November 7-8, 2013

Number of Attendees

125

Description of Group

A professional organization representing the field of community and city planning in Mississippi, this group has the goal of improving the quality of life for their respective communities and advancing the profession. APA MS serves as a forum for the exchange of ideas between professionals who work in the field of urban planning.

Meetings Profile / Quick Facts

October 2013 – September 2014

Number of groups served: 110

Number of welcome bags supplied: 10,234

Group sales promotional events:

More than 10 including stops in Mississippi, Louisiana, Alabama and West Virginia

Type of groups targeted: Meetings & Conventions, Government, Educational, Motorcoach, Sports, Military and Reunion

2014 Conference Highlight

Name of Group

Rockwell Automation

Name of Conference

Rockwell Automation

On the Move Tour 2014

Dates of Conference

May 12-15, 2014

Number of Attendees

500

Description of Group

As the world's largest company dedicated to industrial automation, the Tour brought innovative solutions with hands-on labs, technical sessions and product exhibits. This meeting of minds for attendees from across the country sought solutions to make customers more productive and the world more sustainable.

Red Carpet Services

The complimentary Red Carpet Services provided by our friendly Tourism Ambassadors at VISITHATTIESBURG™ help maximize the success of meetings, conventions and reunions that meet requirements including the usage of a minimum of 10 hotel rooms in Hattiesburg. Those Red Carpet Services include...



Evolution of Hattiesburg's Tourism Industry

- 1990 • State legislature creates HCVB
- 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
Hattiesburg Zoo begins five-year development plan
- 1997 • HTC recruits the Mississippi Miss Hospitality Pageant
- 1998 • Lake Terrace Convention Center opens
Canebrake Golf Course opens
Timberton Golf Club opens nine new holes
- 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 • City of Hattiesburg purchases trolleys for tourism
Tatum Park sports complex expansion begins
Freedom Summer Trail unveiled
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
Hattiesburg Historic Downtown Association 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
Downtown completes phase one of street light project
Visitors to Hattiesburg spend \$234 million
- 2010 • Blues Trail Marker unveiled at Hi-Hat Club location
Freedom Summer Trail Audio Tour unveiled
VH hosts Heritage Day
Inaugural Festival South
Tourism & Convention Commissions partner to manage Hattiesburg Zoo
VH hosts Tradition/Innovation art exhibit
Visitors to Hattiesburg spend \$241 million
- 2011 • USO Museum hosts Jessie Brown Exhibit
Hattiesburg Flag Plaza opens
VH and HHDA partner to host New Harmonies art exhibit
Visitors to Hattiesburg spend \$225 million
- 2012 • Hattie Mural unveiled at the Visitors Center
NTW campaign receives Research-In-Action Award
Visitors to Hattiesburg spend \$233 million
- 2013 • Inaugural Hattiesburg Craft Beer Festival
Hattiesburg Zoo Animal Hospital Quarantine Facility and Touch Africa Petting Zoo open
- 2014 • Restoration of African American Military History Museum after tornado devastation
Asbury Discovery Center opens at Hattiesburg Zoo
Visitors to Hattiesburg spend \$255 million

Five Convention Center Plaza • Hattiesburg, Mississippi 39401 • 866.4HATTIE

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 and 2013

HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2014 and 2013

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Mississippi Society of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hattiesburg Tourism Commission

Report on Financial Statements

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, 2014 and 2013 which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2014 and 2013, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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.

The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2015, on our consideration of the Hattiesburg Tourism Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hattiesburg Tourism Commission's internal control over financial reporting and compliance.



KING CPA, PLLC
Petal, Mississippi
January 6, 2015

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

EXHIBIT A

HATTIESBURG TOURISM COMMISSION
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 AND 2013

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash and cash equivalents	\$ 247,465	\$ 98,774
Investments	412,914	412,460
Due from other governments	69,626	36,502
Other Receivables	800	
Inventory	7,700	7,700
Fixed assets, net	87	735
TOTAL ASSETS	\$ 738,592	\$ 556,171
 LIABILITIES & NET POSITION:		
Liabilities:		
Accounts payable	\$ 7,499	\$ 10,291
Accrued payroll	9,341	9,494
Accrued Compensated Absences	28,390	34,258
Total liabilities	45,230	54,043
 Net Position:		
Net Investment in Capital Assets	87	735
Restricted for:		
AAMHM Committee	4,956	6,156
Unrestricted	688,318	495,237
TOTAL NET POSITION	\$ 693,362	\$ 502,128

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

EXHIBIT B

HATTIESBURG TOURISM COMMISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
FUNCTION/PROGRAM EXPENSES:		
Tourism Promotion		
Payroll expense	\$ 425,769	\$ 452,555
Advertising and promotion	131,461	181,289
Operational costs	51,639	53,679
Depreciation and related asset charges	648	941
Event Sponsorship		
MS Miss Hospitality	73,512	78,324
Entity Management		
AAMHM Committee	2,700	4,161
Hattiesburg Zoo	-	261,299
LTCC	35,094	33,429
Total Function/Program Expenses	720,823	1,065,675
PROGRAM REVENUES:		
Charges for Services		
Gift Shop sales	8,159	9,002
MS Miss Hospitality	82,986	93,289
Other receipts	2,960	544
Operating Grants and Contributions		
Mississippi Development Authority	5,000	5,000
AAMHM Committee	1,500	10,317
LTCC Contribution	198,642	195,866
Hattiesburg Zoo Contribution	-	261,299
Total Program Revenue	299,247	575,316
NET PROGRAM EXPENSE	(421,576)	(490,359)
GENERAL REVENUES:		
Special sales tax	612,055	429,170
Interest income	755	1,135
Total General Revenues	612,810	430,305
Increase(Decrease) in net position	191,234	(60,054)
NET POSITION - Beginning of Year	502,128	562,183
NET POSITION - End of Year	\$ 693,362	\$ 502,128

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

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014 AND 2013

		General Fund	
		2014	2013
ASSETS:			
Cash and cash equivalents		\$ 247,465	\$ 98,774
Investments		412,914	412,460
Due from other governments		69,626	36,502
Other Receivables		800	-
Inventory		7,700	7,700
	Total Assets	\$ 738,505	\$ 555,436
 LIABILITIES			
Liabilities:			
Accounts payable		\$ 7,499	\$ 10,291
Accrued payroll		9,341	9,494
	Total Liabilities	16,839	19,784
 Fund Balances:			
Non-Spendable:			
Inventory		7,700	7,700
Restricted			
AAMHM Committee		4,956	6,156
Committed:			
Economic Stabilization		350,000	350,000
Assigned:			
Arts coalition		50,000	50,000
Zoo special project		70,000	70,000
Unassigned:			
General Fund		239,009	51,795
	Total Fund Balance	721,665	535,652
	Total Liabilities and Fund Balance	\$ 738,505	\$ 555,436

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

EXHIBIT C-1

HATTIESBURG TOURISM COMMISSION
RECONCILIATIONS OF THE BALANCE SHEETS - GOVERNMENTAL FUNDS
TO THE STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Total Fund Balance-Governmental Funds (Exhibit C)	\$ 721,665	\$ 535,652
Amounts reported for net position in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and are not reported as assets in governmental funds		
Capital Assets	99,979	99,979
Less Accumulated Depreciation	<u>(99,892)</u>	<u>(99,244)</u>
	87	735
Longterm liabilities, including compensated absences payable are not due and payable in the current period and are not reported as liabilities in governmental funds		
Accrued Compensated Absences	<u>(28,390)</u>	<u>(34,259)</u>
Total Net Position-Governmental Activities (Exhibit A)	<u><u>\$ 693,362</u></u>	<u><u>\$ 502,128</u></u>

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

EXHIBIT D

HATTIESBURG TOURISM COMMISSION
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	General Fund	
	2014	2013
REVENUES		
Special sales tax	\$ 612,055	\$ 429,170
Interest income	755	1,135
Charges for services	94,105	102,834
Operating grants and contributions	205,142	472,482
Total Revenues	912,057	1,005,621
EXPENDITURES		
Tourism Promotion		
Payroll expense	431,637	448,717
Advertising and promotion	131,461	181,289
Operational costs	51,639	53,679
Event Sponsorship		
MS Miss Hospitality pageant	73,512	78,324
Entity Management		
AAMHM Committee	2,700	4,161
Hattiesburg Zoo	-	261,299
LTCC	35,095	33,429
Total Expenditures	726,044	1,060,898
Net Change in Fund Balance	186,013	(55,276)
FUND BALANCE, BEGINNING	535,652	590,928
FUND BALANCE, ENDING	\$ 721,665	\$ 535,652

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

EXHIBIT D-1

HATTIESBURG TOURISM COMMISSION
RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Net Change in fund balances-governmental funds (Exhibit D)	\$ 186,013	\$ (55,276)
Amounts reported for governmental activities in the statement of activities are different because:		
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.	(648)	(941)
Some expenses reported in the Statement of Activities do not require use of current financial resources and are not reported as expenditures in governmental funds.	<u>5,869</u>	<u>(3,837)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u>191,234</u>	\$ <u>(60,054)</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

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.

The Hattiesburg Tourism Commission has been granted tax-exempt status under Internal Revenue Code Section 501 (c) (3).

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 2% sales 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. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all of the non-fiduciary activities of the Commission.

The Statement of Net Position presents the Commission's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The Commission reports the following major governmental funds:

GENERAL FUND – The General Fund is the sole operating fund of the Commission. It is used to account for all financial resources. The General Fund accounts for the following programs/functions: Tourism promotion, Miss Hospitality Sponsorship, Management of Lake Terrace Convention Center, and Management of African American Military History Museum Committee.

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.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 budget appropriations lapse at the end of the fiscal year.

E. COMPENSATED ABSENCES

Commission employees are entitled to certain compensated absences based upon their length of employment. Vacation leave is accrued on a monthly basis. 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. Unused vacation time can be accumulated and rolled over into the new year. Upon resignation or termination of employment, each employee shall be paid for unused vacation time that has been accrued through the last day of work up to 30 days. All unused vacation time remaining above 30 days will be certified to PERS. 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.

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.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

G. FUND EQUITY

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the commission:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (a) inventories or prepaids; or (b) legally required to be maintained intact.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through constitution provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned fund balance includes amounts intended to be used by the Commission for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – DEPOSITS AND INVESTMENTS

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 deposit with an original maturity of 90-days or less. Cash is valued at cost. The carrying amount approximates fair value because of the short maturities of these instruments.

Investments consist of certificates of deposit with an original maturity date greater than 90 days. Investments are valued at cost.

As of September 30, 2014, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$659,979 (which includes investments in the amount of \$412,914.) and the bank balance was \$676,745. As of September 30, 2013, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$504,678 (which includes investments in the amount of \$412,460.) and the bank balance was \$477,788.

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.

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, 2014, none of the Commission's bank balance was exposed to custodial credit risk.

NOTE 3 – INVENTORY

Inventory consists of logo-related items, snacks, and gifts held for resale in the gift shops located at the Visitor's Center and the Zoo. Inventory is valued using the cost method.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – 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.

	Capitalization Policy	Estimated Useful Life
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

Capital Assets consist of the following:

	9/30/2013	Additions	Disposals	9/30/2014
Equipment	\$ 24,797	\$ -	\$ -	\$ 24,797
Furniture	75,182	-	-	75,182
	99,979	-	-	99,979
 Accumulated Depreciation	 99,244	 648	 -	 99,892
 Net Fixed Assets	 \$ 735			 \$ 87

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – 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 9.00% of their annual covered salary and Hattiesburg Tourism Commission is required to contribute at an actuarially determined rate. The current rate is 15.75% 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, 2014 and 2013 were \$49,864 and \$76,411, respectively, which equaled the required contributions for each year.

NOTE 6 –RELATED ORGANIZATIONS UNDER COMMON CONTROL

- A. The Hattiesburg Tourism Commission (HTC) has a contract with the Hattiesburg Convention Commission (HCC) to provide management services and advertising and promotion for the Lake Terrace Convention Center (LTCC). The HTC’s director, Richard Taylor, is also the director of the HCC. The HTC also reimburses the HCC for administrative services such as accounting, maintenance, and utilities. The HCC provides services to the HTC for various events. Revenues from / expenditures to the HCC are outlined below:

HCC Revenues from:	Description	Amount
	Management contract	\$ 180,000
	Reimbursements for HCC activities	\$ 18,642
<u>Expenditures to:</u>		
	Administrative services	\$ 10,750
	Marketing	\$ 5,702
	HCC activities	\$ 18,642

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 6 –RELATED ORGANIZATIONS UNDER COMMON CONTROL (continued)

- 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. A new lease term is currently under negotiation.
- C. The Commission’s contract with the City of Hattiesburg to provide management services for the Hattiesburg Zoo was cancelled as of 10/1/13. Therefore, there were no revenues from/expenditures to the Zoo for fiscal year ended 9/30/14.
- D. The Hattiesburg Tourism Commission is the financial administrator for the African American Military History Museum Committee (AAMHMC). The AAMHMC’s purpose is to collect monies through donations and fundraising for the USO Museum. The HTC maintains a separate bank account to account for these funds which are restricted by the donors for support of the museum. The activity for the AAMHMC for fiscal year ended September 20, 2014, is as follows:

<u>AAMHMC:</u>		
<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Donations	\$ 700
	Memberships	\$ 800
<u>Expenditures to:</u>		
	Sponsorships	\$ 2,000
	Museum Support	\$ 700

NOTE 7 –SUBSEQUENT EVENTS

Management of the Commission has evaluated subsequent events as of January 06, 2015, which is the date the financial statements were available to be used. There are no significant subsequent events to report as of this date.

HATTIESBURG TOURISM COMMISSION

SUPPLEMENTAL INFORMATION

SCHEDULE-1

**HATTIESBURG TOURISM COMMISSION
BUDGETARY COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

SCHEDULE 1A

	<u>Final Amended Budget</u>	<u>Actual (non-GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
REVENUES			
2% Bed Tax	\$ 471,000	\$ 578,932	\$ 107,932
CC Contract	180,000	180,000	
Program Revenue	85,000	87,986	2,986
Interest, Refunds, Misc	1,500	3,383	1,883
Logo Shop Sales	10,000	7,901	(2,099)
TOTAL REVENUES	<u>\$ 747,500</u>	<u>\$ 858,202</u>	<u>\$ 110,702</u>
EXPENDITURES			
Capital Expenditures	\$ 1,000	\$ -	\$ 1,000
Gift Shop Resale Items	5,000	4,172	828
Marketing	253,213	217,647	35,566
Office Operations	52,670	45,004	7,666
Uncategorized	-	4,159	(4,159)
Payroll	470,145	431,791	38,354
TOTAL EXPENDITURES	<u>782,028</u>	<u>702,773</u>	<u>79,255</u>
NET EXCESS (DEFICIT)	<u>\$ (34,528)</u>	<u>\$ 155,430</u>	<u>\$ 189,957</u>

Basis of Presentation

The Budgetary Comparison Schedule above presents the final budget, the actual data on the non-GAAP basis, and the variances between the final budget and the actual data. The budget is adopted for management use only and is not legally required.

King CPA, PLLC

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Certified Public Accountants

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Mississippi Society of Certified
Public Accountants

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

January 06, 2015

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, 2014 and 2013, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 06, 2015. 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 of the financial statements, we considered the Commission's internal control over financial reporting to determine our audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hattiesburg Tourism Commission's financial 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 *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "King CPA, PLLC". The signature is written in a cursive, slightly slanted style. To the right of the signature, there is a vertical red line that extends downwards.

KING CPA, PLLC
Petal, Mississippi