



VISITHATTIESBURG™

FY 2016  
Annual Report  
10.1.15 - 9.30.16



# BIOGRAPHY OF VISITHATTIESBURG™

In 2016, Hattiesburg's Tourism Economy was a \$274 million a year industry, and it's 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 Hattiesburg. VISITHATTIESBURG™ is governed by a seven-member board, representing education, business, and the local tourism industry. With primary funding through a 2% hotel tax, the mission of VISITHATTIESBURG™ is very specific: to generate new tourism dollars in Hattiesburg's economy through increased business and leisure travel.

In March 2004, VISITHATTIESBURG™ officially opened the doors to its new Hattiesburg Visitors Center. This facility further complemented the marketing goals of VISITHATTIESBURG™ by providing the organization with an identifiable location and giving travellers a place to stop and learn more about Hattiesburg. Since opening, almost 450,000 visitors from around the world have signed the guest book and been welcomed with Hattiesburg's hallmark hospitality.

From the start, local partnerships have added value to the growth and development of Hattiesburg as a destination. These partnerships have proven vital to the region's development efforts, adding depth and strength to the area's tourism industry. Through these partnerships, VISITHATTIESBURG™ has served as a catalyst for significant and unique events such as pre-Olympic Training in 1996, Mississippi's Miss Hospitality Pageant (now in its 20th year in Hattiesburg), installation of two Music Trail Markers, production of several art exhibitions in Historic Downtown Hattiesburg, presentation of FestivalSouth (a multi-genre music festival), development

of the Hattiesburg Zoo, as well as the recruitment of numerous sporting events and conventions.

Over the years, VISITHATTIESBURG™ has provided leadership, operational management and marketing for the facilities owned and operated by the Hattiesburg Convention Commission. These facilities include: Lake Terrace Convention Center, Hattiesburg Saenger Theater, African American Military History Museum, Hattiesburg Zoo, and the Historic Eureka School. In addition to funding development, construction and operations, VISITHATTIESBURG™ has provided comprehensive marketing, public relations and sales activities for each facility including event booking, outreach efforts and brand management.

This year, VISITHATTIESBURG™ hosted quarterly industry partner networking events, sponsored the Live at 5 music series in downtown Hattiesburg while also focusing on the brand-new Ales to Trails campaign, which features the community's growing sectors of craft beer and outdoor hiking and biking along the Long Leaf Trace. Additionally, VISITHATTIESBURG™ added an original tiger statue, "Tigger", created by local artists and located at Hattiesburg Zoo as a part of the public art movement in the city.

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 \$274 million economic engine for Hattiesburg. Through its mission and goals, VISITHATTIESBURG™ is committed to continuing this economic growth while relying on the faces of tourism in Hattiesburg to tell its story.



TOURISM  
COMMISSION  
MEMBERS

**CHAIR**  
**FRANK JAMES**  
HOTEL INDUSTRY

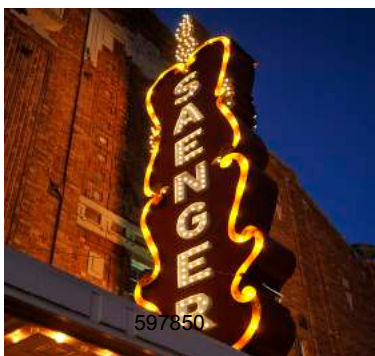
**VICE-CHAIR**  
**SHEILA VARNADO**  
ECONOMIC DEVELOPMENT

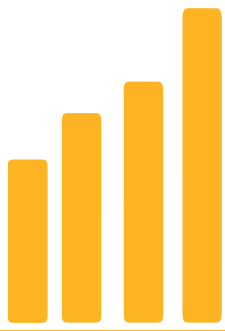
**MARSHALL BELL**  
AT-LARGE

**ANTHONY HARRIS, P.E.**  
AT-LARGE

**CATHERINE PRICE, PH.D.**  
UNIVERSITY OF  
SOUTHERN MISSISSIPPI

**BONNIE WARREN**  
AT-LARGE





# THE VALUE OF TOURISM FY 2016



**HBURG's**  
tourism economy  
**TRIPLED**  
since 1990.



TOTAL HBURG VISITOR SPENDING

**\$274  
MILLION**

**\$**   
**2.1%  
INCREASE**



**\$23.8 MILLION**

**NEW CAPITAL INVESTMENTS**  
This includes hotels, restaurants and attractions.

**4,200  
JOBS**  
in **HBURG**  
tourism industry

source: Visit Mississippi



EXISTING  
HOTEL ROOMS  
**2,747**

**500+**

Pubs • Cafes  
Fine Dining • Fast Food

**HBURG**  
MISSISSIPPI'S  
**3<sup>rd</sup>**   
**MOST  
VISITED CITY**

597850



**TOURISM  
PROVIDES \$478**

in tax relief for  
HBURG households.



**AN ESTIMATED  
1.8+ MILLION**  
people visited Hattiesburg.

# Finding HBURG | #VISITHBURG

Campaign embraces Hattiesburg's authentic flavor, local craft, and term of endearment.

Prior to being known as VISITHATTIESBURG™, the Hattiesburg Tourism Commission was known as Hattiesburg's Convention and Visitor's Bureau, and has been recognized as being at the forefront of destination marketing in the state. In 2003, after 16 months of research and development, the commission launched a new tourism campaign featuring the newly logoed "Hattie" brand, which conveyed the persona of Hattiesburg as warm, sophisticated and hospitable. The campaign endured for 10 years, cementing Hattiesburg as the ideal, affordable, family-friendly, day trip or weekend getaway.

In 2015, VISITHATTIESBURG™ updated its design to continue its appeal to a wide audience. The new brand highlights Hattiesburg's fresh and distinct nature. Inspired by Hattiesburg's charming nickname "HBURG," VISITHATTIESBURG™ set out to develop a brand that not only connected locals to their city's culture, arts, and uniqueness, but would also be recognized nationally for its creativity and sense of place.

The campaign incorporated the nation's growing interest in craft beer to help tell its story. Playing on the leadership role Hattiesburg had in growing the local brewing industry

in the state, VISITHATTIESBURG™ highlights the authentic, locally crafted experience visitors can enjoy in the city. The new brand shares the city's developing story with the visitor, featuring Hattiesburg's southern spirit, community vibes and genuine hospitality.

The catalyst for this campaign was the creation of a new logo, featuring HBURG embedded in the shape of Mississippi. The design pairs a simple, bold color palette with strong, modern typography — a contemporary take on Hattiesburg's spirit — appealing to the young and the young at heart.

VISITHATTIESBURG™ has since been producing new creative work, highlighting home grown flavors, rich culture and the local trademarks. With music, food, art, and outdoor experiences, the campaign uses an assortment of curated and user-generated photographs, drawing on the authentic gentility of this vibrant — and crafty — community.

A collection of photographs appears in each of the printed ads, which collectively emphasize Hattiesburg's local flavor and genuine craftsmanship. Within the next year, the brand portfolio will update all digital assets too.

## 2016 NATIONAL TOURISM WEEK SHINING STARS

Hattiesburg organizations nominated outstanding individuals in the hospitality industry. Those listed below are the recipients of the Shining Star Award.

Emily Bell	Fairfield Inn and Suites
Melissa Baker	Candlewood Suites
Khirstyn Grady	Candlewood Suites
Patricia Baker	Candlewood Suites
AC Taylor	Hattiesburg Convention Comm.
Norman Upton	Hattiesburg Convention Comm.
George Hensarling	Holiday Inn and Suites
Malcolm Johnson	Holiday Inn and Suites
Sherlen Mackey	Holiday Inn and Suites
Evelyn McMickle	La Quinta Inn and Suites
Steve Smith	La Quinta Inn and Suites
Trace Henderson	La Quinta Inn and Suites
Jessica Lott	La Quinta Inn and Suites
Deloris Foster	La Quinta Inn and Suites
LaTrena Magee	La Quinta Inn and Suites
Kelly Naylor	Festival South
Maria Keyes	New South Restaurant Group
Jerrius Dowdy	Hilton Garden Inn
Jason Fairley	Hilton Garden Inn
Eric Hamberlin	Hilton Garden Inn
Ross Andrus	Hilton Garden Inn
Annette Rhodes	Hilton Garden Inn
Santana Kidd	Hilton Garden Inn
Gene Tibbett	WXMI
Ally Reid	Weekender
Amy Allegrezza	DIME



# Miss Hospitality

## HATTIESBURG HOSTS MISSISSIPPI MISS HOSPITALITY PAGEANT

Created in 1949, the Mississippi Miss Hospitality Pageant highlights southern hospitality at its finest and promotes tourism to the state of Mississippi year-round.

In 1997, Miss Hospitality began calling Hattiesburg home, after a local group created a vision for the pageant to come to Hattiesburg. VISITHATTIESBURG recognized the pageant's importance to the tourism industry statewide and chose to spearhead the efforts. With the assistance of Visit Mississippi, the University of Southern Mississippi and the City of Hattiesburg, the program is entering its 20th year in Hattiesburg. This program contributes more than \$450,000 to the local Hattiesburg economy each year.

Miss Hospitality contestants are identified, honored, and utilized each year for the purpose of serving as representatives of tourism and economic development for their communities. Women crowned as Mississippi's Miss Hospitality also serve as Mississippi's Goodwill Ambassador as they perform duties statewide.

Starkville's Mary Elizabeth Stringer was crowned Mississippi Miss Hospitality 2016. Twenty-seven of Mississippi's best and brightest young women competed in the Pageant for more than \$100,000 in scholarships and prizes. During her reign, Stringer has traveled more than 30,000 miles both in the state and nationally to promote and grow Mississippi's tourism and economic programs. She shares the Mississippi's hospitable spirit with everyone she meets.



2016 Miss Hospitality Winner - Mary Elizabeth Stringer



## ANNUAL HIGHLIGHTS

- July 2016 - Crowned Mississippi Miss Hospitality in Hattiesburg
- Sept. 2016 - Speaker at Annual Governor's Conference on Tourism in Natchez
- Oct. 2016 - Created the Miss Hospitality Blog, highlighting economic development and tourism accomplishments in Mississippi
- Oct. 2016 - Grand opening of Ropes Course at Hattiesburg Zoo
- Oct. 2016 - Recognized at Mississippi State Fair
- Nov. 2016 - Recognized at a Mississippi State University home game

# VISITS FROM OUR FRIENDS



DIGITAL AND IN-PERSON OUTREACH CONTINUES TO GROW IN FY2016.



18.9% ↑  
FOLLOWERS



51.8% ↑  
INCREASE



1,107 NEW  
FOLLOWERS



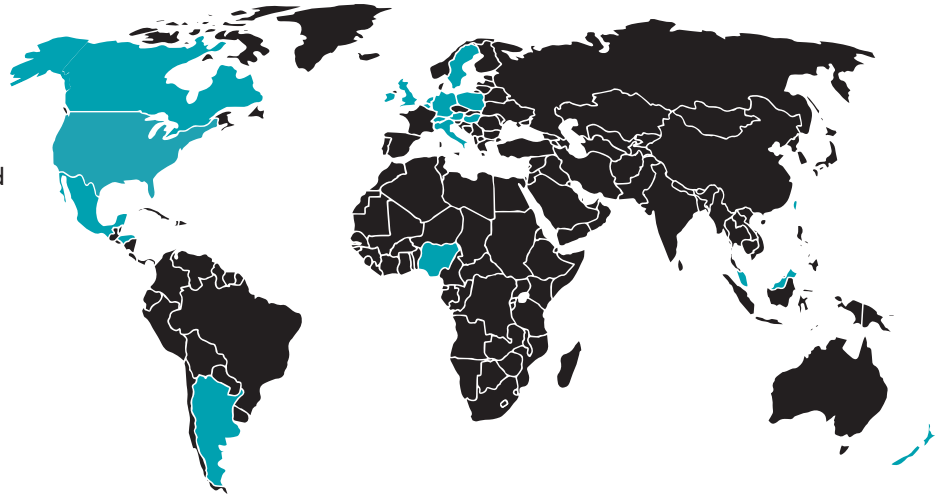
286 TOURISM  
EVENTS



1,324 WEEKLY  
CONTACTS

## Visitors from all 50 states, 21 international countries\*

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



\*  DENOTES VISITORS

Annual Out-of-State Visitors  
in Hattiesburg  
APPROXIMATELY  
**600,000**

Annual Total Visitors  
in Hattiesburg  
MORE THAN  
**1.8 MILLION**

Annual In-State Visitors  
in Hattiesburg  
APPROXIMATELY  
**1.2 MILLION**

# VISITHATTIESBURG™ ROLLS OUT RED CARPET TO GROUPS

## RED CARPET SERVICES

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

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. These specialized services provide hospitality and support to groups visiting Hattiesburg.



## CONFERENCE HIGHLIGHTS

### FY2016

**MS Association of Realtors**

**Name of Conference**  
MS Realtors Association  
Annual Conference

**Dates of Conference**  
October 5-8, 2015

**Number of Attendees**  
450 Attendees

**Total Visitor Spending**  
\$300,000+

**Group Description**  
Hattiesburg hosted 450 Mississippi realtors from across the state. The city hosted a reception at the Hattiesburg Zoo for executives and attendees. Guests traveled from Tupelo, Jackson, Greenwood, Natchez, Meridian, Oxford, and Starkville in addition to out-of-state realtors in Alabama and Louisiana.

### FY2015

**International Junior Brangus Breeders**

**Name of Conference**  
International Junior Brangus Breeders Leadership Conference

**Dates of Conference**  
November 5, 2014

**Number of Attendees**  
340

**Total Visitor Spending**  
~\$400,000.00

**Group Description**  
Hattiesburg hosted more than 340 attendees for a multiple day IJBBA Leadership Conference. Made up of youth ages 7-21, to improve the development of youth through individual and group participation in breeding, raising, and exhibiting of brangus cattle.

## FY 2016 QUICKFACTS

# 8,470

WELCOME BAGS SUPPLIED

# 11,637

MEETING GUESTS SERVED

### VISIT HATTIESBURG SALES DESTINATIONS

- SE TOURISM SOCIETY ANNUAL CONFERENCE / BIRMINGHAM
- AL / MSAE ANNUAL FALL CONFERENCE / ORANGE BEACH, ALABAMA

### REGIONAL DIRECT MAIL SALES BLITZ TO KEY PROSPECTS FROM:

LOUISIANA  
MISSISSIPPI  
ALABAMA



# GROWTH OF HATTIESBURG'S TOURISM ECONOMY



Hattiesburg is Mississippi's **3rd** most visited city, with an estimated 2 million visitors in 2015. From 1990 to 2016, Hattiesburg's tourism economy more than **tripled** from \$89 million to \$274 million.



## GROWTH MILESTONES - LAST 10 YEARS

- |  |  |
|--|--|
| <p><b>2007</b> Hattiesburg's Historic Train Depot re-opens<br/>Thad Cochran Center opens at the USM</p> <p>HTC changes operating name to VISITHATTIESBURG™</p> <p>Hotel inventory grows to more than 2,500 rooms</p> <p>Hburg visitors spent \$211 million</p> <p><b>2008</b> Blues Trail Marker unveiled on Historic Mobile St.</p> <p>Downtown hosts the first "Live @ Five" Concert Series</p> <p>Hattiesburg visitors spent \$227 million</p> <p><b>2009</b> VH hosts Governor's Conference on Tourism<br/>City of Hattiesburg hosts 125th Celebration</p> <p>Visitors Center celebrates 5th year</p> <p>Miss Hospitality celebrates 60 years</p> <p>African-American Military History Museum opens</p> <p>Saenger Theater celebrates 80 year anniversary</p> <p>Visitors to Hattiesburg spend \$234 million</p> <p><b>2010</b> Blues Trail Marker unveiled at Hi-Hat Club location<br/>Freedom Summer Trail Audio Tour unveiled</p> <p>VISITHATTIESBURG™ hosts Heritage Day<br/>Inaugural Festival South</p> <p>Tourism &amp; Convention Commissions partner to manage Hattiesburg Zoo</p> <p>Hattiesburg Visitors spent \$241 million</p> <p><b>2011</b> AAMHM/ East 6th St USO host Jesse Brown Exhibit</p> | <p><b>2011</b> Hattiesburg Flag Plaza opens</p> <p>VISITHATTIESBURG™ / Hattiesburg Historic Downtown Assoc. host New Harmonies art exhibit</p> <p>Hattiesburg visitors spent \$225 million</p> <p><b>2012</b> Hattie Mural unveiled at the Visitors Center</p> <p>NTW campaign receives Research-In-Action Award</p> <p>Hattiesburg visitors spend \$233 million</p> <p><b>2013</b> Inaugural Hattiesburg Craft Beer Festival</p> <p>Hattiesburg Zoo opens Animal Hospital Quarantine Facility and Touch Africa Petting Zoo</p> <p><b>2014</b> AAMHM restored after tornado Feb. 2014 devastation</p> <p>Hattiesburg Zoo opens Asbury Discovery Center</p> <p>Hattiesburg visitors spent \$255 million</p> <p><b>2015</b> Hattiesburg Zoo opens Bug Hub Playground</p> <p>Hattiesburg Zoo unveils Hattie the Elephant statue in Hattie Plaza</p> <p>Hattiesburg Association for Public Art reveals public art sculptures throughout Historic Downtown Hattiesburg</p> <p>Hattiesburg visitors spent \$268 million</p> <p>VISITHATTIESBURG™ received Tourism Office of the Year Award at the Governor's Conference on Tourism</p> |
|--|--|

## TOURISM DEVELOPMENT IN 2016

Art in Parks movement launched, Tigger sculpture placed at Hattiesburg Zoo

Launched Ales to Trails campaign promoting cycling and craft breweries

VISITHATTIESBURG™ sponsored Live @ 5 Encore

Visitors spent \$274 million, an increase of \$6 million

Hattiesburg Zoo opened new Safari Grill and High Adventure Ropes Course  
597850

Historic Saenger Theater Awarded Pinnacle Sales & Marketing Award

Executive Director Rick Taylor received two honors: Southeast Tourism Society Beacon Leadership Award and HUB Award



**HATTIESBURG TOURISM COMMISSION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2016 and 2015**

**HATTIESBURG TOURISM COMMISSION**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2016 and 2015**

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Mississippi Society of Certified  
Public Accountants

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## 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, 2016 and 2015 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, 2016 and 2015, 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2017, 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  
February 17, 2017

**HATTIESBURG TOURISM COMMISSION**

**FINANCIAL STATEMENTS**

**HATTIESBURG TOURISM COMMISSION**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2016 AND 2015**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 844,808	\$ 440,401
Investments	223,533	413,178
Due from other governments	116,986	119,863
Other receivables	11,456	790
Inventory	-	7,300
Fixed assets, net	5,838	-
TOTAL ASSETS	1,202,621	981,532
<b>Deferred Outflow of Resources</b>		
Deferred outflow related to pensions	88,178	116,442
<b>Liabilities</b>		
Accounts payable	5,577	4,370
Accrued payroll	8,995	8,551
Accrued compensated absences	24,046	29,150
Net pension liability	714,500	618,321
TOTAL LIABILITIES	753,118	660,392
<b>Deferred Inflow of Resources</b>		
Deferred inflow related to pensions	1,353	13,286
<b>Net Position</b>		
Net investment in capital assets	5,838	-
Restricted for:		
AAMHM Committee	6,754	6,806
Hattiesburg Veterans Committee	6,323	-
HAPA	10,454	18
Unrestricted	506,959	417,472
TOTAL NET POSITION	\$ 536,328	\$ 424,296

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

**HATTIESBURG TOURISM COMMISSION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

<b>FUNCTION/PROGRAM EXPENSES:</b>	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
Tourism Promotion		
Payroll expense	\$ 332,412	\$ 380,277
Pension expense	147,964	83,427
Advertising and promotion	163,321	122,842
Operational costs	61,919	39,588
Grants and sponsorships	22,800	24,135
Purchases for resale	7,300	4,833
Depreciation and related asset charges	526	87
Events and Programs		
Lightpole Banner	9,968	-
FAM Tours	7,307	2,241
Art and Sculpture projects	14,917	78,368
Vietnam Veterans	18,737	-
Miss Hospitality pageant	78,609	82,172
Other event promotions	4,245	-
Total Function/Program Expenses	<u>870,025</u>	<u>817,970</u>
<b>PROGRAM REVENUES:</b>		
Charges for Services		
Gift Shop sales	7,307	6,943
MS Miss Hospitality	81,465	98,628
Other receipts	8,331	17,335
Operating Grants and Contributions		
Mississippi Development Authority	5,000	5,000
AAMHM Committee	26,600	2,800
LTCC Contribution	180,000	180,000
HAPA	26,800	26,416
Total Program Revenue	<u>335,503</u>	<u>337,122</u>
<b>NET PROGRAM EXPENSE</b>	<u>(534,522)</u>	<u>(480,848)</u>
<b>GENERAL REVENUES:</b>		
Special sales tax	644,852	683,035
Interest income	1,702	1,179
<b>Total General Revenues</b>	<u>646,554</u>	<u>684,214</u>
<b>CHANGE IN NET POSITION</b>	112,032	203,366
<b>NET POSITION - Beginning of Year</b>	424,296	693,362
<b>Prior Period Adjustment</b>	-	(472,432)
<b>NET POSITION - Beginning as restated</b>	<u>424,296</u>	<u>220,930</u>
<b>NET POSITION - End of Year</b>	<u>\$ 536,328</u>	<u>\$ 424,296</u>

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

**HATTIESBURG TOURISM COMMISSION**  
BALANCE SHEETS – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016 AND 2015

	Special Revenue Funds				Total	
	General Fund	MMH Pageant	AAMHM Committee	HAPA	2016	2015
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 580,310	\$ 240,967	\$ 13,077	\$ 10,454	\$ 844,808	\$ 440,401
Investments	223,533	-	-	-	223,533	413,178
Due from other governments	116,986	-	-	-	116,986	119,863
Other Receivables	11,456	-	-	-	11,456	790
Inventory	-	-	-	-	-	7,300
<b>Total Assets</b>	<u>\$ 932,285</u>	<u>\$ 240,967</u>	<u>\$ 13,077</u>	<u>\$ 10,454</u>	<u>\$ 1,196,783</u>	<u>\$ 981,532</u>
<b>LIABILITIES</b>						
Liabilities:						
Accounts payable	\$ 5,577	\$ -	\$ -	\$ -	\$ 5,577	\$ 4,370
Deferred revenue	48,310	-	-	-	48,310	48,970
Accrued payroll	8,995	-	-	-	8,995	8,551
Total Liabilities	<u>62,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,882</u>	<u>61,891</u>
Fund Balances:						
Non-Spendable:						
Inventory	-	-	-	-	-	7,300
Restricted						
AAMHM Committee	-	-	6,754	-	6,754	6,806
Hattiesburg Veterans Committee	-	-	6,323	-	6,323	-
Hattiesburg Alliance Public Arts	-	-	-	10,454	10,454	18
Committed:						
Economic Stabilization	450,000	-	-	-	450,000	450,000
Assigned:						
Arts coalition	50,000	-	-	-	50,000	50,000
Lightpole banner project	20,000	-	-	-	20,000	20,000
Zoo special project	150,000	-	-	-	150,000	150,000
Mississippi Miss Hospitality	-	240,967	-	-	240,967	-
Unassigned:						
General Fund	199,403	-	-	-	199,403	235,517
Total Fund Balance	<u>869,403</u>	<u>240,967</u>	<u>13,077</u>	<u>10,454</u>	<u>1,133,901</u>	<u>919,641</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 932,285</u>	<u>\$ 240,967</u>	<u>\$ 13,077</u>	<u>\$ 10,454</u>	<u>\$ 1,196,783</u>	<u>\$ 981,532</u>

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



**HATTIESBURG TOURISM COMMISSION**  
**RECONCILIATIONS OF THE BALANCE SHEETS - GOVERNMENTAL FUNDS**  
**TO THE STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Total Fund Balance-Governmental Funds (Exhibit C)</b>	\$ 1,133,901	\$ 919,641
Amounts reported for net position in the statement of net position are different because:		
1 Capital Assets used in governmental activities are not financial resources and are not reported as assets in governmental funds		
Capital Assets	77,533	77,092
Less Accumulated Depreciation	(71,695)	(77,092)
2 Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net Pension Liability	(714,500)	(618,321)
3 Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	88,178	116,442
Deferred inflows of resources related to pensions	(1,353)	(13,286)
4 A portion of the Commission's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. These revenues are deferred and not reported in the governmental funds.		
Special Sales tax for September	48,310	48,970
5 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>(24,046)</u>	<u>(29,150)</u>
<b>Total Net Position-Governmental Activities (Exhibit A)</b>	<u>\$ 536,328</u>	<u>\$ 424,296</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, 2016 AND 2015**

	<u>Special Revenue Funds</u>					<u>Total</u>	
	<u>General</u>	<u>MMH</u>	<u>AAMHM</u>			<u>2016</u>	<u>2015</u>
	<u>Fund</u>	<u>Pageant</u>	<u>Committee</u>	<u>HAPA</u>			
<b>REVENUES</b>							
Special sales tax	\$ 645,512	\$ -	\$ -	\$ -		\$ 645,512	\$ 634,065
Convention Center Contract	180,000	-	-	-		180,000	180,000
Gift Shop Sales	7,307	-	-	-		7,307	6,943
Event revenue	-	86,465	2,600	-		89,065	106,428
Donations	-	-	24,000	26,800		50,800	26,416
Other Income	8,331	-	-	-		8,331	17,335
Interest income	1,702	-	-	-		1,702	1,179
Total Revenues	<u>842,852</u>	<u>86,465</u>	<u>26,600</u>	<u>26,800</u>		<u>982,717</u>	<u>972,366</u>
<b>EXPENDITURES</b>							
Tourism Promotion							
Payroll expense	337,515	-	-	-		337,515	379,517
Pension expense	35,455	-	-	-		35,455	40,694
Advertising and promotion	163,321	-	-	-		163,321	122,842
Operational costs	65,245	-	1,592	1,446		68,283	39,588
Grants and sponsorships	22,800	-	-	-		22,800	24,135
Purchases for resale	7,300	-	-	-		7,300	4,833
Events and Programs							
Lightpole Banner	9,968	-	-	-		9,968	-
FAM Tours	7,307	-	-	-		7,307	2,241
Art and Sculpture projects	-	-	-	14,917		14,917	78,368
Vietnam Veterans	-	-	18,737	-		18,737	-
Miss Hospitality pageant	-	78,609	-	-		78,609	82,172
Other event promotions	4,245	-	-	-		4,245	-
Total Expenditures	<u>653,156</u>	<u>78,609</u>	<u>20,329</u>	<u>16,363</u>		<u>768,457</u>	<u>774,390</u>
<b>Net Change in Fund Balance</b>	189,696	7,856	6,271	10,437		214,260	197,976
<b>FUND BALANCE, Beginning</b>	<u>679,707</u>	<u>233,111</u>	<u>6,806</u>	<u>17</u>		<u>919,641</u>	<u>721,665</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 869,403</u>	<u>\$ 240,967</u>	<u>\$ 13,077</u>	<u>\$ 10,454</u>		<u>\$ 1,133,901</u>	<u>\$ 919,641</u>

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

**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, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Net Change in fund balances-governmental funds (Exhibit D)</b>	\$ 214,260	\$ 197,976
Amounts reported for governmental activities in the statement of activities are different because:		
1 Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	6,364	-
Deprciation Expense	(526)	(87)
2 Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds.		
Recording of pension expense for the current period	(147,964)	(94,310)
Recording of contributions made	35,455	51,577
3 Some items reported in the Statement of Activities do not provide or require the use of current financial resources and are not reported as revenue/expenditures in governmental funds.		
Changes in compensated absences	5,103	(760)
Changes in deferred revenue	<u>(660)</u>	<u>48,970</u>
<b>Change in net position of governmental activities (Exhibit B)</b>	<u>\$ 112,032</u>	<u>\$ 203,366</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. House Bill No. 1642 which amended Chapter 878, local and private laws of 1990 and subsequent amendments is currently in effect until July 1, 2017 at which time it is repealed.

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 changes; 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. Special sales 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 funds. Major individual governmental funds are reported in separate columns in the fund financial statements. Any remaining governmental funds would be aggregated and reported as other governmental funds.

The Commission reports the following major governmental funds:

The General Fund is the primary operating fund of the Commission. It is used to account for all financial resources, except those accounted for in another fund.

The MMH Pageant, a special revenue fund, accounts for the operation and promotion of the annual Mississippi Miss Hospitality Pageant.

The AAMHMC, a special revenue fund, accounts for the activities of the African American Military History Museum Committee (AAMHMC).

The HAPA, a special revenue fund, accounts for the activities of the Hattiesburg Alliance for Public Arts.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING**

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 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. The special sales tax associated with the current fiscal period is considered to be susceptible to accrual. The balance collected more than 30 days after the fiscal period is deferred in the fund statements since it is not considered available for current expenditures.

**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.

**G. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee's Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HATTIESBURG TOURISM COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

**H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**I. FUND BALANCES**

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, 2016, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$1,068,041 (which includes investments in the amount of \$223,533) and the bank balance was \$1,073,933. As of September 30, 2015, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$853,179 (which includes investments in the amount of \$413,178) and the bank balance was \$869,198.

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, 2016 and 2015, \$237,135 and \$0, respectively of the Commission's bank balance was exposed to custodial credit risk.

*NOTE 3 – INVENTORY*

Inventory consisting of logo-related items, snacks, and gifts held for resale in the gift shops located at the Visitor's Center was sold to the Hattiesburg Convention Center at cost. The operation and management of the gift shop was transferred to the HCC during fiscal year ended September 30, 2016.

**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:

	September-15	Additions	Disposals	September-16
Equipment	\$ 11,806	\$ -	\$ (5,922)	\$ 5,884
Furniture	65,286	6,364	-	71,650
	77,092	6,364	(5,922)	77,534
 Accumulated Depreciation	 77,092	 526	 (5,922)	 71,696
 Net Fixed Assets	 \$ -			 \$ 5,838

**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.

Benefits provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees for the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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, 2016, 2015 and 2014 were \$35,455, \$40,694 and \$49,864, respectively, which equaled the required contributions for each year.

**HATTIESBURG TOURISM COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

*NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)*

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2016 and 2015, the Commission reported a liability of \$714,500 and \$618,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission’s proportion of the net pension liability was based on a projection of the commission’s long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the commission’s proportion was 0.003722 percent.

For the years ended September 30, 2016 and 2015, the Commission recognized pension expense of \$147,964 and \$83,427. At September 30, 2016 the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,203	\$ -
Net difference between projected and actual earnings on pension plan investments	38,723	-
Changes in assumptions	24,004	1,353
Commission contributions subsequent to measurement date	8,837	-
	\$ 85,767	\$ 1,353

\$8,837 reported as deferred outflows of resources related to pensions resulting from commission contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2016	\$	24,541
2017		24,541
2018		16,814
2019		9,681
2020		-
	\$	75,577

**HATTIESBURG TOURISM COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

*NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)*

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**HATTIESBURG TOURISM COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

*NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)*

*Sensitivity of the Commission’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District’s proportionate share of the net pension liability	\$ 916,149,000	\$ 714,500,000	\$ 547,000,000

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

*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:

Hattiesburg Convention Commission		
Revenues from:	Description	Amount
Management contract		\$ 180,000
<u>Expenditures to:</u>		
Marketing and Events		\$ 17,734
Accounting		\$ 4,800
Contracted Personnel		\$ 60,000
Sponsorships collected on behalf of HCC		\$ 23,957

**HATTIESBURG TOURISM COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

*NOTE 6 –RELATED ORGANIZATIONS UNDER COMMON CONTROL (continued)*

- B. 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 and accounts for these funds which are restricted by the donors for support of the museum as a special revenue fund.
  
- C. The Hattiesburg Tourism Commission is the financial administrator for the Hattiesburg Alliance for Public Art (HAPA). The HAPA's mission is to purchase and place art in the heart of town – in parks, neighborhoods, public buildings, and businesses – and to raise awareness of the many wonderful works of art already on display in Hattiesburg. The HTC maintains a separate bank account and accounts for these funds which are restricted by the donors for support of the Alliance as a special revenue fund.

*NOTE 7 –CONTINGENCIES*

The Hattiesburg Tourism Commission was audited by the Mississippi State Auditor's Office regarding its compensation procedures and practices. The final result of this audit is not known at this time, however management is confident that any potential claims would be covered by its insurance policy.

*NOTE 8 –SUBSEQUENT EVENTS*

Management of the Commission has evaluated subsequent events as of February 17, 2017, 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-1A**

**HATTIESBURG TOURISM COMMISSION**  
**BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Final Budget</u>	<u>Actual (non-GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
<b>REVENUES</b>			
2% Bed Tax	\$ 530,000	\$ 647,730	\$ 117,730
CC Contract	180,000	180,000	-
Interest	800	1,702	902
Logo Shop Sales	6,000	7,307	1,307
Misc Income	-	8,331	8,331
State Miss Hospitality	85,000	86,465	1,465
<b>TOTAL REVENUES</b>	<u>\$ 801,800</u>	<u>\$ 931,535</u>	<u>\$ 129,735</u>
<b>EXPENDITURES</b>			
Marketing	\$ 287,916	\$ 276,283	\$ 11,633
Gift Shop Resale Items	4,000	-	4,000
Capital Expenditures	1,000	6,364	(5,364)
Office Operations	58,000	58,882	(882)
Compensation/Benefits	463,710	373,185	90,525
Uncategorized	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>814,626</u>	<u>714,714</u>	<u>99,912</u>
<b>NET EXCESS (DEFICIT)</b>	<u>\$ (12,826)</u>	<u>\$ 216,822</u>	<u>\$ 229,647</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.

**SCHEDULE-1B**

**HATTIESBURG TOURISM COMMISSION**  
**BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Final Budget</u>	<u>Actual (non-GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
<b>REVENUES</b>			
2% Bed Tax	\$ 515,000	\$ 632,797	\$ 117,797
CC Contract	180,000	180,000	-
Interest	500	1,132	632
Logo Shop Sales	8,000	6,943	(1,057)
Misc Income	-	18,540	18,540
State Miss Hospitality	85,000	102,338	17,338
<b>TOTAL REVENUES</b>	<u>\$ 788,500</u>	<u>\$ 941,750</u>	<u>\$ 153,250</u>
<b>EXPENDITURES</b>			
Marketing	\$ 265,000	\$ 252,356	\$ 12,644
Gift Shop Resale Items	5,000	4,433	567
Capital Expenditures	1,000	-	1,000
Office Operations	53,000	44,138	8,862
Compensation/Benefits	463,710	405,650	58,060
Uncategorized	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>787,710</u>	<u>706,577</u>	<u>81,133</u>
<b>NET EXCESS (DEFICIT)</b>	<u>\$ 790</u>	<u>\$ 235,174</u>	<u>\$ 234,383</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.

**HATTIESBURG TOURISM COMMISSION**  
SCHEDULE OF DIRECTORS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Board Member</u>	<u>Representation</u>	<u>Bond Amount</u>	<u>Bond Expires</u>
Marshall Bell	At-Large	\$ 50,000	11/5/2017
Catherine Price	USM	\$ 50,000	11/5/2017
Bonnie Warren	At-Large	\$ 50,000	11/5/2017
Frank James	Hotel/Motel Industry	\$ 50,000	10/26/2017
Shelia Varnado	Economic Development	\$ 50,000	9/23/2017
Anthony Harris	At-Large	\$ 50,000	1/15/2018

The enabling legislation requires a seven member board be appointed by the Mayor of the City of Hattiesburg and ratified by the City Council. The legislation also requires the members to represent specified areas of the community and to give bond in the amount of \$50,000.

# *King CPA, PLLC*

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Mississippi Society of Certified  
Public Accountants

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## **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**

February 17, 2017

To the Board of Directors  
Hattiesburg Tourism Commission

We have audited, 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, the financial statements of the governmental activities and each major fund of the Hattiesburg Tourism Commission, as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 17, 2017.

### **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.

KING CPA, PLLC  
Petal, Mississippi