



Longleaf Trace



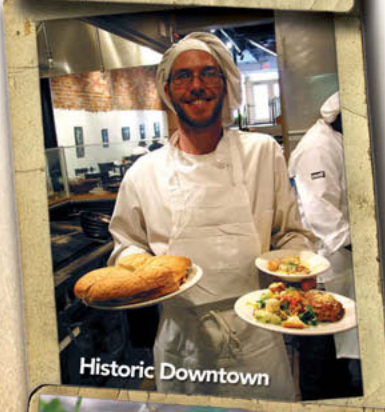
Mississippi Armed Forces Museum



Freedom Summer Trail



African American Military History Museum



Historic Downtown



Hattiesburg Zoo

597844



2010 October 1, 2009 annual September 30, 2010 report

Hattiesburg **Tourism** Commission

Biography of VISITHATTIESBURG™

Tourism is a \$241 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 7 member board representing the business community and the local tourism industry. With primary funding generated by a 2% hotel bed tax, the guiding mission of VISITHATTIESBURG™ is very specific...to introduce new dollars into the Hattiesburg economy through increased short-term visitation and overnight stays.

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

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

On March 31, 2004, another benchmark for tourism was made when 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 60,000 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 (like the MS Armed Forces Museum and the Longleaf Trace), as well as, partnering with entities such as the Hattiesburg Convention Commission, the Area Development Partnership, Hattiesburg's two local Universities, the Forrest County Multipurpose Center, the Historic Hattiesburg 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 2 Blues Trail Markers and recruitment of various art-related exhibits to Historic Downtown Hattiesburg.

In December 2009, the Hattiesburg Tourism Commission and the Hattiesburg Convention Commission entered into a partnership with the City of Hattiesburg to manage, market and operate the Hattiesburg Zoo.

Shortly thereafter, the Zoo celebrated 60 years with a Birthday Bash that drew almost 5,000 people to enjoy Hattiesburg's most family-friendly attraction.

Under the vision and leadership of both the Hattiesburg Convention and Tourism Commissions, the Zoo will undergo many exciting new developments in 2011.

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 \$241 million economic engine for Hattiesburg. Through its mission and goals, VISITHATTIESBURG™ is committed to continuing this economic growth while spreading Hattiesburg's fame far and wide.



HATTIESBURG TOURISM COMMISSION

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

TREASURER
STERLING RASCOE
Economic Development

SECRETARY
JAMES RATLIFF
At-Large



597844



Hattiesburg Zoo

In December 2009, the Hattiesburg Tourism Commission and the Hattiesburg Convention Commission entered into a partnership with the City of Hattiesburg to manage, market and operate the Hattiesburg Zoo.



Mississippi's Miss Hospitality Pageant

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

Hattiesburg returns to its roots with inaugural Heritage Day at the Depot

More than 4,300 in attendance

In October of 2008 over lunch in Downtown Hattiesburg, a seed was planted for the creation of an event celebrating Southern heritage. In June of 2010, after almost 21 months of planning, the product of this seed was harvested when more than 4,300 people attended the Inaugural Heritage Day 2010. Designed to create a one-of-a-kind, wholesome, family-friendly event, the underlying theme of Heritage Day was sustainable living – an age-old practice with plenty of modern-day relevance. From food, to music, to crafts, Heritage Day was about reconnecting with all things homegrown, all things handcrafted and all things rooted in the authentic, good old-fashioned way of life.

While VISITHATTIESBURG™ led in coordinating and promoting Heritage Day 2010, it was through the collaborative efforts of many partners that the event actually became a reality. Heritage Day would not have been possible without co-presenters, the Hattiesburg Historic Downtown Association, the City of Hattiesburg and the MS Humanities Council. Yet, the real flavor of the event itself was largely credited to the local Pinebelt Farmers & Artisans Market and Homestead Craft & Children's Fair from Waco, Texas, two distinct events that relocated to Historic Downtown Hattiesburg's 1910 Train Depot on June 19th to serve as the focal points of Heritage Day 2010.

An open-air Farmers Market set the stage of Heritage Day 2010, showcasing the home-grown and in-season

produce of many local farmers. Once inside the Depot's neo-classical Grand Hall, festival-goers were wowed by the quality and authenticity of the crafts displayed. Spilling out of the Grand Hall and underneath the Depot's 924-foot canopy was what seemed to be an endless selection of heirloom-quality crafts including handmade quilts, hand-thrown pottery, hand-woven baskets, metal works and hand-crafted furniture. In addition, handmade soaps and candles, as well as, locally-produced jams, jellies and honey from a collection of more than 20 Mississippi booths were showcased at Heritage Day.

Authentic Southern music provided the backdrop of the day, showcasing a range of roots-related music including bluegrass, the blues and Southern gospel.

However, of all the possibilities for festival-goers to enjoy, probably among the most unique were the free seminars, demonstrations and children's hands-on activities made possible by the craft and children's fair experts



TOP: Choctaws demonstrate a native dance. ABOVE: An artisan explains the craft behind his wood bowls to a pair of shoppers. BELOW: Visitors look through homemade wares in the Grand Hall including soaps, candles and potpourri.

from Homestead Heritage of Waco, Texas.

Throughout the day, the Depot's Community Room held standing-room-only crowds interested in learning about sustainable living topics such as backyard gardening, bread making, cheesemaking, beekeeping and preserving food. Spectators watched crafts being brought to life through demonstrations on woodworking, pottery and blacksmithing, but ultimately, it was the children's hands-on activities that made Heritage Day truly unique. With more than 10 hands-on activities to enjoy ranging from boat to soap to jump rope making, children and their parents experienced good old-fashioned fun for the whole family.

"At the end of the day, visitors experienced the quality, authenticity and richness of a 'hand-made' life, of a time when Southerners were known for the products they grew on their land or made by hand," Rick Taylor, Executive Director, of VISITHATTIESBURG™, said.

Heritage Day 2011 is scheduled for June 18, 2011 at the Depot. For more information on next years event, visit heritageday2011.com.





- **2002 :: Research begins**
HTC hires North Star Destination Strategies

The evolution of **HATTIE's** brandprint™ HATTIESBURG 2002-2010



- **2003 :: Hattie BrandPrint™ launched**

Logo unveiled in October
[Hattie Display Ads :: 1st ed](#)
 Hattie Billboards :: 1st ed
 Stationary Package :: 1st ed



- **2004 :: Hattie gets a home**

Visitors Center opens March 31
 Hattie Logo Shop
 Tourism Ambassadors
[Visitors Guide :: 1st ed](#)
 Visitors Map
 Tourism Matters
 Red Carpet Services
 Welcome Bags
 Tourism Coloring Book
 Hattie Lightpole Banners :: 1st ed



- **2005 :: Hattie goes online**

visithattie.com
 Tourism Talk with Hattie
 Visitors Center Rack Card
 Tourism Passport
 Hattiesburg Postcards



Exploring our Heritage :: 2010 •

- Hattie Hardy on Twitter
- USM Centennial Light Pole Banners
- Hattie Display Ads :: 4th ed/continued
(full flight of 2010 ads displayed at left)
- Heritage Day 2010
- Hi-Hat Blues Trail Marker
- Freedom Summer Trail Audio Tour
- Tradition/Innovation Art Exhibit



2010

Hattie starts socializing :: 2009 •

- Hattie Display Ads :: 4th ed
- visithattie.com redesign
- Hattie's Weekly Word of Advice
- Hattie's Weekly Blog
- Hattie Hardy joins FaceBook
- Hotel Keycards :: 2nd ed
- Hattiesburg's 125th Light Pole Banners



2009

Creating special events :: 2008 •

- Red, White & Blue Summer
- Mobile St. Blues Trail Marker
- Midsummer's Daydream Concert Series



2008

HTC becomes VISITHATTIESBURG™ :: 2007 •

- Hattie Display Ads :: 3rd ed
- Hattie Billboards :: 3rd ed
- Tourism Jingle
- Tourism Video
- Hattie's Photo Album
- Visitors Guide :: 2nd ed
- Red Carpet Services Profile Sheets
- Hotel Keycards :: 1st ed
- Stationary Package :: 2nd ed



2007

• 2006 :: Hattie's makeover

- Hattie Display Ads :: 2nd ed
- Hattie Billboards :: 2nd ed
- Red Carpet Services Folders
- Hattie Promotional Items
- "Hi Y'All" Lightpole Banners



2006

AWARDS

Southeast Tourism Society
CVB of the Year
Shining Example Award
2004

Mississippi Tourism Association
CVB of the Year
2004

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

Hospitality Sales & Marketing Association International
Gold Adrian Award
2005

Hospitality Sales & Marketing Association International
Silver Adrian Award
2005

Hospitality Sales & Marketing Association International
Bronze Adrian Award
2005

Mississippi Tourism Association
Tourism Promotion of the Year
2008

2009

MSAE/LSAE Joint Conference, Destin, FL • Oct 4-6

MSAE Lunch & Learn, Jackson • Oct 21

8th Annual 2009 Tourism Summit • Oct 28

Delta Region Welcome Center Blitz to Adams, Washington, Coahoma & DeSoto Counties • Nov 9

Extreme Home Makeover
Welcome Reception • Dec 3

Open House at the Lauderdale County
Welcome Center, Meridian • Dec 3

Tourism Partners Roundtable • Dec 9

MSAE Holiday Reception, Jackson • Dec 16

Visitors Center Christmas Open House • Dec 17

Partners Appreciation Holiday Blitz • Dec 18

2010

MTA Legislative Luncheon, Jackson • Jan 6

MSAE Lunch & Learn, Jackson • Jan 20

St. Louis Golf Show, St. Louis, MO • Jan 22-24

ProStart Culinary Competition • Feb 9

Hi-Hat Club Blues Trail Marker Unveiling • Feb 10

Camp Shelby Pre-Camp Conference • Feb 20

Freedom Summer Trail Audio Tour Unveiling • Feb 25



Mississippi Governor's Conference
on Tourism, Tupelo • Feb 28

MSAE Lunch & Learn, Jackson • March 10

STS Visitors Center Shirtsleeves
Conference • March 14-16

MSAE MidYear Conference, Natchez • March 28-30

All Aboard Art Exhibit Opening Reception • April 3

Tourism Partners Roundtable • April 7

Zoo's 60th Birthday Bash • April 10

Travel South Showcase, Birmingham, AL • April 10-13

Welcome Center Blitz • April 22-23

National Tourism Week • May 10-14

Tourism Partners Luncheon • May 12

Community Day at the Visitors Center • May 14

MSAE Lunch & Learn, Jackson • May 19

Tuskegee Airmen FAM Tour • May 26

MDA FAM Tour • May 26

Heritage Day Media Lunch • June 2

Mississippi Tourism Media Event
New York, NY • June 5

Heritage Day 2010 • June 19

Midsummer's Daydream Concert Series • June 30 -
Aug 13

Dixie Youth Regional Tournament • July 9-13

Dixie Youth State Tournament • July 23-27

ADP's Military Welcome Fair • July 20

Mississippi Miss Hospitality Pageant • July 30-31

South MS Welcome Center Blitz to Jackson, Hancock
& Pearl River Counties • Aug 13

Trace Turns 10 • Sept 4

MSAE/LSAE Annual Conference, Mobile, AL • Sept 19-21



Fridays at
7:45 a.m. on
98.1 fm

OCTOBER 2009

Deborah Denard Delgado :: Mobile Street Festival

Traci Rouse :: Saenger presents Kevin Johnson

Derrick Ivy :: Forrest County Fair

Matt Martin :: Zoo Boo

Traci Rouse :: Rocky Horror Picture Show

NOVEMBER

Betsy Rowell :: Historic Downtown's Open House

Missy Sanderson :: HCLO's Patsy Cline

Mike Lopinto :: Symphony Holiday Spectacular

DECEMBER

Louis Kyriakoudes :: Roots Reunion

Andrea Saffle :: Victorian Candlelit Christmas

Matt Martin :: Holiday Lights Zoofari

Your weekend information station

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

JANUARY 2010

Derrick Ivy :: Monster Truck Show

Kristie Fairley :: Hattie's Top 10 Events

Kristie Fairley :: Hattie's "Did You Know?"

Brooke Cruthirds :: USO's Native Guard Exhibit

FEBRUARY

David McPhail :: Doyle Lawson Concert

Derrick Ivy :: Coca-Cola Classic Rodeo

Jennifer Hart :: SMSO's Ragtime

Heather Sanchez :: Freedom Summer Trail

MARCH

Rick Taylor :: Lake Terrace Convention Center

Catherine Lott :: HubFest

Jennifer Payne :: USM Centennial

Betsy Rowell :: All Aboard Art Exhibit

APRIL

Chris Cagle :: Farmers Market

Traci Rouse :: Zoo's 60th Birthday Bash

Ginger Toledo :: William Carey's Homecoming

Derrick Ivy :: May Fest

Gerry Burns :: HCLO's Beauty and the Beast

MAY

Rosie Ricks :: Branson on the Road

Barbara Watts :: Daylily Show

Chad Daniels :: Tuskegee Airmen

Jay Dean :: Festival South

JUNE

Jay Dean :: Festival South

Obra Quave :: CDT's Ring of Fire

Kristie Fairley :: Heritage Day 2010

Chad Daniels :: MS Armed Forces Museum

JULY

Brooke Cruthirds :: African American Military
History Museum

Obra Quave :: CDT's Beguiled Again

Kristie Fairley :: Midsummer's Daydream

Traci Rouse :: MS Miss Hospitality

Claire Walley :: MS Miss Hospitality

AUGUST

Tammy Mansfield :: HCLO's 100 Years of Broadway

David McPhail :: Marty Raybon & Full Circle

Derrick Ivy :: Great Southern Stampede

Mike Lopinto :: "Gold" Gala

SEPTEMBER

Herlon Pierce :: Trace Turns 10

Dennis Rhoades :: Oktoberfest

Anthony Johnson :: Mobile Street Festival

Gloria Green :: Fiber Art & Quilt Show



Events 2010



LEFT: All Aboard Exhibit opening. CENTER: Visitors view a demonstration of the spinning wheel at Heritage Day. RIGHT: Jordan Whittle is crowned Miss Hospitality 2010 by outgoing Miss Hospitality, Claire Walley.

FEBRUARY 10
Hi-Hat Club
Blues Trail
Marker
Unveiling
597844

FEBRUARY 25
Freedom
Summer Trail
Audio Tour
Unveiling

APRIL 3
**All Aboard
Art Exhibit
Opening
Reception**
(left)

MAY 10-14
National
Tourism
Week

JUNE 19
**Heritage
Day 2010**
(center)

**JUNE 30-
AUGUST 13**
Midsummer's
Daydream
Concert
Series

JULY 30-31
**Mississippi
Miss
Hospitality
Pageant**
(right)

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
- 1997** • HTC recruits the Mississippi Miss Hospitality Pageant
- 1998** • Lake Terrace Convention Center opens
Canebrake Golf Course opens
- 2000** • Longleaf Trace recreational trail opens
HHDA receives revitalization plan
Historic Saenger Theater re-opens
- 2001** • Shadow Ridge Golf Club opens
Armed Forces Museum opens
HHDA hosts Art Walk
- 2002** • Hattiesburg's First National Tourism Week Campaign
Inaugural Tourism Summit
Walnut Street development 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 5 years
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
Inaugural Heritage Day 2010
Tourism & Convention Commissions partner to manage Hattiesburg Zoo
Tradition/Innovation Art Exhibit
Visitors to Hattiesburg spend \$241 million

Stay with friends

Five Convention Center Plaza



Hattiesburg, Mississippi 39401 • 866.4HATTIE

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2010 and 2009

HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 and 2009

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American Institute of
Certified Public Accountants

King CPA, PLLC

206 Hwy 42 P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 25, 2011

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, 2010 and 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hattiesburg Tourism Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hattiesburg Tourism Commission, as of September 30, 2010 and 2009, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2011, on our consideration of the Hattiesburg Tourism Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Independent Auditors Report
January 25, 2011
Page 2

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

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

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 is a vertical red line.

KING CPA, PLLC
Petal, Mississippi

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

EXHIBIT A

HATTIESBURG TOURISM COMMISSION
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2010 AND 2009

	Governmental Activities	
	2010	2009
ASSETS:		
Cash, cash equivalents, and investments	\$ 587,417	\$ 695,460
Inventory	9,341	10,513
Accounts receivable	5,363	4,221
Due from other governments	57,674	139,957
Fixed assets, net	13,593	24,821
TOTAL ASSETS	\$ 673,388	\$ 874,972
 LIABILITIES & NET ASSETS:		
Liabilities:		
Accounts payable	\$ 16,246	\$ 39,481
Accrued payroll & vacation	18,924	25,344
Deferred revenue - zoo personnel reimbursement	18,867	-
Total liabilities	54,037	64,825
 Net Assets:		
Invested in capital assets (net of related debt)	13,593	24,821
Restricted net assets:		
Reserved for unemployment	1,030	1,025
Unrestricted net assets	604,728	784,301
TOTAL NET ASSETS	\$ 619,351	\$ 810,147

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, 2010 AND 2009

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
FUNCTION/PROGRAM EXPENSES:		
Tourism Promotion		
Payroll expense	\$ 411,973	\$ 358,199
Advertising and promotion	325,907	434,913
Operational costs	63,718	77,997
Depreciation and related asset charges	11,228	12,841
Event Sponsorship		
MS Miss Hospitality	57,658	62,753
Entity Management		
Hattiesburg Zoo	429,990	-
LTCC	36,119	24,834
Total Function/Program Expenses	1,336,593	971,537
PROGRAM REVENUES:		
Charges for Services		
Gift Shop sales	9,455	9,733
MS Miss Hospitality	78,557	68,469
Other receipts	9,527	5,161
Operating Grants and Contributions		
Mississippi Development Authority	5,000	5,000
State Grants	-	257,258
LTCC Contribution	156,026	144,000
Hattiesburg Zoo Contribution	430,631	-
Total Program Revenue	689,196	489,621
NET PROGRAM EXPENSE	(647,397)	(481,916)
GENERAL REVENUES:		
Special sales tax	490,103	564,247
Interest income	7,829	5,986
Total General Revenues	497,932	570,233
Increase(Decrease) in net assets	(149,465)	88,317
NET ASSETS - Beginning of Year	810,147	721,830
Prior Period Adjustment	(41,331)	-
NET ASSETS - End of Year	\$ 619,351	\$ 810,147

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

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010 AND 2009

	General Fund	
	<u>2010</u>	<u>2009</u>
ASSETS:		
Cash, cash equivalents, and investments	\$ 587,417	\$ 695,460
Inventory	9,341	10,513
Accounts receivable	5,363	4,221
Due from other governments	57,674	139,957
Total Assets	\$ 659,795	\$ 850,151
 LIABILITIES		
Liabilities:		
Accounts payable	\$ 16,246	\$ 39,481
Accrued payroll & vacation	18,924	25,344
Deferred revenue - zoo personnel reimbursement	18,867	-
Total Liabilities	54,037	64,825
 Fund Balances:		
Reserved		
Unemployment	1,030	1,025
Designated-		
Revenue reserves	350,000	350,000
Grant match	-	80,000
Arts coalition	50,000	50,000
Zoo special project	70,000	-
Undesignated-		
General Fund	134,728	304,301
Total Fund Balance	605,758	785,326
Total Liabilities and Fund Balance	\$ 659,795	\$ 850,151

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

EXHIBIT C-1

HATTIESBURG TOURISM COMMISSION
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Total Fund Balance-Governmental Funds (Exhibit C)	\$ 605,758	\$ 785,326
<p>Amounts reported for net assets in the statement of net assets are different because:</p>		
<p>Capital Assets used in governmental activities are not financial resources and , therefore, are not reported in the funds</p>		
Capital Assets	99,979	99,979
Less Accumulated Depreciation	<u>(86,386)</u>	<u>(75,158)</u>
Total Net Assets-Governmental Activities (Exhibit A)	<u>\$ 619,351</u>	<u>\$ 810,147</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, 2010 AND 2009

	<u>General Fund</u>	
	<u>2010</u>	<u>2009</u>
REVENUES		
Special sales tax	\$ 490,103	\$ 564,247
Interest income	7,829	5,986
Charges for services	97,539	83,363
Operating grants and contributions	<u>591,657</u>	<u>406,258</u>
Total Revenues	<u>1,187,128</u>	<u>1,059,854</u>
EXPENDITURES		
Tourism Promotion		
Payroll expense	411,973	358,199
Advertising and promotion	325,907	434,913
Operational costs	63,718	77,997
Event Sponsorship		
MS Miss Hospitality pageant	57,658	62,753
Entity Management		
Hattiesburg Zoo	429,990	-
LTCC	<u>36,119</u>	<u>24,834</u>
Total Expenditures	<u>1,325,365</u>	<u>958,696</u>
Net Change in Fund Balance	(138,237)	101,158
FUND BALANCE, BEGINNING	785,326	684,168
PRIOR PERIOD ADJUSTMENT	<u>(41,331)</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 605,758</u>	<u>\$ 785,326</u>

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Net Change in fund balances-governmental funds (Exhibit D)	\$ (138,237)	\$ 101,158
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Depreciation is not an expenditure in governmental funds but is an expense of allocating the cost of capital assets over their estimated useful lives in the statement of activities.</p>	(11,228)	(12,083)
<p>In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:</p>		
Losses on the sale of capital assets	-	(758)
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (149,465)</u></u>	<u><u>\$ 88,317</u></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 SINGIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

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

Government-wide financial statements:

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

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued):

Fund financial statements:

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

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, except those required to be accounted for in another fund.

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 ahead 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.

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 deposits with a 90-day maturity or less. Cash and investments are valued at cost. The carrying amount approximates fair value because of the short maturities of these instruments.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

As of September 30, 2010, the carrying amount of Hattiesburg Tourism Commission’s deposits with financial institutions was \$587,217 and the bank balance was \$599,391. As of September 30, 2009, the carrying amount of Hattiesburg Tourism Commission’s deposits with financial institutions was \$695,260 and the bank balance was \$689,660.

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

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, 2010, none of the Commission’s bank balance was exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

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

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

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

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

	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

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS (continued)

Capital Assets consist of the following:

	9/30/2009	Additions	Disposals	9/30/2010
Equipment	\$ 24,797	\$ -	\$ -	\$ 24,797
Furniture	<u>75,182</u>	<u>-</u>	<u>-</u>	<u>75,182</u>
	<u>99,979</u>	<u>-</u>	<u>-</u>	<u>99,979</u>
Accumulated Depreciation	<u>75,158</u>	<u>11,228</u>	<u>-</u>	<u>86,386</u>
Net Fixed Assets	<u>\$ 24,821</u>			<u>\$ 13,593</u>

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description:

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

Funding Policy:

PERS members are required to contribute 9.00% of their annual covered salary and Hattiesburg Tourism Commission is required to contribute at an actuarially determined rate. The current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Commission’s contributions to PERS for the fiscal years ending September 30, 2010 and 2009 were \$69,824 and \$33,634, respectively, which equaled the required contributions for each year.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 –RELATED ORGANIZATIONS UNDER COMMON CONTROL

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

<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Management contract	\$ 144,000
	Reimbursements for HCC activities	\$ 12,026
<u>Expenditures to:</u>		
	Administrative services	\$ 9,934
	Marketing	\$ 14,159
	HCC activities	\$ 12,026

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.

C. The Commission has a contract with the City of Hattiesburg to provide management services for the Hattiesburg Zoo. The Zoo reimburses the Commission for 100% of its payroll costs. Revenues from / expenditures to the Zoo are outlined below:

<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Personnel reimbursement	\$ 430,631
<u>Expenditures to:</u>		
	Personnel costs	\$ 429,990

NOTE 6–PRIOR PERIOD ADJUSTMENT

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanation: To correct overstatement of prior year revenue
Amount: \$41,331

Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balance

Fund: General
Explanation: To correct overstatement of prior year revenue
Amount: \$41,331

HATTIESBURG TOURISM COMMISSION

SUPPLEMENTAL INFORMATION

SCHEDULE-1

**HATTIESBURG TOURISM COMMISSION
BUDGETARY COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Final Budget	Actual (non-GAAP Basis)	Variances Positive (Negative)
REVENUES			
2% Bed Tax	\$ 526,000	\$ 490,103	\$ (35,897)
Zoo Personnel Reimbursement	730,000	430,631	\$ (299,369)
Program Revenue	219,000	228,142	9,142
Interest, Refunds, Misc	7,860	13,689	5,829
State Grants	80,000	-	(80,000)
Logo Shop Sales	12,000	9,455	(2,545)
TOTAL REVENUES	<u>\$ 1,574,860</u>	<u>\$ 1,172,020</u>	<u>\$ (402,840)</u>
EXPENDITURES			
Operations, including Zoo Personnel	\$ 1,201,882	\$ 926,843	\$ 275,039
Capital Expenditures	5,200	-	5,200
Advertising & Promotions	360,300	397,724	(37,424)
TOTAL EXPENDITURES	<u>1,567,382</u>	<u>1,324,567</u>	<u>242,815</u>
NET EXCESS (DEFICIT)	<u>\$ 7,478</u>	<u>\$ (152,547)</u>	<u>\$ (160,025)</u>

Basis of Presentation

The Budgetary Comparison Schedule above presents the final adopted 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

American Institute of
Certified Public Accountants

206 Hwy 42 P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of Certified
Public Accountants

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

January 25, 2011

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, 2010 and 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

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

Compliance and Internal Control Report
Page Two
January 25, 2011

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hattiesburg Tourism Commission's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

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

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

KING CPA, PLLC
Petal, Mississippi