



VISITHATTIESBURG's™ 2011 National Tourism Week Campaign



2011 October 1, 2010 September 30, 2011 **annualreport**
Hattiesburg **Tourism** Commission

Biography of VISITHATTIESBURG™

Tourism is a \$225 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 ultimately lead VISITHATTIESBURG™ to the "Hattie" brand campaign, which is built upon the acclaimed warmth and friendliness of Hattiesburg's people.

This BrandPrint™ has been recognized with six distinguished awards from national, regional and state tourism industry associations since its implementation, and has made Hattiesburg a leader in tourism branding and marketing in the Southeast region of the United States.

On March 31, 2004, another benchmark for tourism was made when VISITHATTIESBURG™ officially opened the doors to its new home in the Hattiesburg Visitors Center. The opening of the Hattiesburg Visitors Center further complemented the marketing goals of VISITHATTIESBURG™ by providing the organization with an identifiable "face." The Hattiesburg Visitors Center epitomizes the message of the tourism branding strategy...when visiting our area, what stands out

above all is the warmth, friendliness and hospitality so uniquely characterized by Hattiesburg's people. Since opening, almost 70,000 visitors from around the globe have signed the guest book at the Visitors Center and been welcomed with Hattiesburg's hallmark hospitality.

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

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

Industry-wide and across the nation, the makeup and daily activities of a Destination Marketing Organization (DMO) can vary 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 \$225 million dollar economic engine for Hattiesburg (in 2011). Through its mission and goals, VISITHATTIESBURG™ is committed to continuing this economic growth while spreading Hattie'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

CHRIS ROWELL
Economic Development

SECRETARY / TREASURER
JAMES RATLIFF
At-Large



TraditionInnovation

Art exhibit illustrated Southern heritage and ingenuity

On November 3, 2010, VISITHATTIESBURG™ opened the doors to a national traveling art exhibit at the Historic Train Depot in Downtown Hattiesburg. Tradition/Innovation: American Masterpieces of Southern Craft & Traditional Art welcomed more than 1,200 visitors over the course of 6 weeks, showcasing more than 100 unique pieces created by 58 traditional artists and contemporary craftspeople living and working in the South.

Through comparison, the exhibit explored the different approaches in creating contemporary versus traditional art, while also exploring the stories of the living American masters who created them.

"The incredible diversity of these individuals and the objects they create gave people a new window into the traditions of the South's many cultural communities and the vibrant contemporary craft movement in the region," said Gerri Combs, Executive Director of The South Arts. Among the artists selected and showcased in the exhibit were six recipients of the National Endowment for the Arts' National Heritage Fellowship, the nation's highest honor for traditional artists.

The exhibit featured works in glass, clay, fiber, metal, wood, paper and mixed media. Among the works on display were wooden books, a Mardi Gras Indian costume, a set of silver mint julep cups, ceramic face jugs, white oak and sweetgrass baskets, an iron apron, miniature teapots, glass sculptures, traditional quilts, a wooden half hull boat model, ceramic goblets and a sponge diving helmet.

Tradition/Innovation was an opportunity for VISITHATTIESBURG™ to expand Hattiesburg's cultural offerings in one of its most historical and unique spaces.



TRADITION
INNOVATION
American Masterpieces of Southern Craft & Traditional Art

"This exciting exhibit gave our visitors yet another reason to enjoy Hattiesburg and ultimately, spend more time and money in our community," said Rick Taylor, Executive Director. "In addition to bringing positive attention and recognition to Hattiesburg as well as growing its tourism industry, this exhibition added to the quality of life and cultural opportunities we enjoy as residents."

Throughout 2010, Tradition/Innovation toured museums in nine Southeastern states, including Alabama, Florida, Georgia, Kentucky, Louisiana, North Carolina, South Carolina and Tennessee. Hattiesburg, the last stop, was selected for the exhibit's tour in Mississippi, and was also the last opportunity to view the collection in its entirety.

Tradition/Innovation was a project of The South Arts, and was supported in part by an award from the National Endowment for the Arts. The exhibit was hosted in Hattiesburg because of the efforts of VISITHATTIESBURG™.



Hattie extends her brand

Ads tout Hattiesburg as an "Affordable family-friendly weekend getaway"

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 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. Promoting Hattiesburg as the ideal affordable, family-friendly, weekend getaway, "Hattie" spreads the hallmark hospitality of her people every day.

The "Hattie" BrandPrint™ has been recognized with six distinguished awards from national, regional and state tourism industry associations since its implementation, and has made Hattiesburg a leader in tourism branding and marketing in the Southeast region of the United States.

Due to VISITHATTIESBURG™'s great success with its "Hattie" brand campaign, the Mississippi Development Authority/Tourism Division followed suit to develop their "True South" brand campaign which was unveiled in January of 2011.

We invite you to join Hattie's Circle of Friends today!



Brandprint™ Timeline 2003-2011

Logo and display ads unveiled
'03 "Hattie" BrandPrint™ launched

Visitors Center opens & Red Carpet Services rolled out
'04 Hattie gets a home

Hospitality Sales & Marketing Association International Gold, Silver & Bronze Adrian Awards
'05 Hattie goes live

New look for ads and promotional items
'06 Hattie's makeover

Southeast Tourism Society
CVB of the Year
Shining Example Award

Mississippi Tourism Association
CVB of the Year

Travel and Tourism Research Association
Research-In-Action Award

visithattie.com & Tourism Talk with Hattie

\$171m

\$21m

\$150m

\$160m

Miss Hospitality spreads goodwill through Mississippi and farther

Winner travels more than 30,000 miles annually to promote state

The tradition of the Mississippi Miss Hospitality Pageant dates back to 1949 when then-Governor Fielding Wright and the Mississippi Legislature established the program for the purpose of promoting Mississippi's tourism and economic development throughout the state and across the country. Through Mississippi's best and brightest young ladies, the mission of the Pageant has been fulfilled for more than six decades.

The Pageant came to Hattiesburg in 1997 after being hosted along the Gulf Coast and in Starkville. A program of VISITHATTIESBURG™, the Pageant is presented in partnership with The University of Southern Mississippi and the City of Hattiesburg and contributes more than \$100,000 to Hattiesburg's local economy each year.

During the summer of 2010, Jordan Whittle was crowned Mississippi's 61st Miss Hospitality at the Historic Saenger Theater in Downtown Hattiesburg. A native of Hattiesburg, MS and a

student at The University of Southern Mississippi, Whittle competed with 28 other contestants from across the state for the Miss Hospitality title and crown.

Throughout her reign, Whittle traveled more than 30,000 miles promoting Mississippi's tourism and economic development while serving as the state's Goodwill Ambassador.

Through the pageant experience, contestants are provided with opportunities to polish their public speaking and interview skills, as well as their poise and interpersonal relations. Areas of competition include two phases of interviews, presenting a Mississippi Speech and competing on-stage in the Little Black Dress/Commercial competition and the Evening Gown competition.

Mississippi Miss Hospitality represents the state through the Mississippi Development Authority and has made countless appearances at events such as the Natchez Fall Pilgrimage, Dixie National Parade, Mississippi State Fair, Amory Railroad Festival, Mississippi Day in Central Park and other local and regional events.



Mobile Street Blues Trail marker & Midsummers Day Dream Concert Series

'08 **Hattie Presents**

\$227m

Mississippi Tourism Association
Tourism Promotion of the Year

'09

Hattie starts socializing

Hattie Hardy joins Facebook, Twitter & introduces weekly blog

\$234m

Heritage Day, Freedom Summer audio tour, Tradition/Innovation Art Exhibit, & Hi Hat Club Blues Trail marker

'10 **Hattie promotes Heritage**

\$241m

'11

\$225m

'07
1m **New name, same friendly faces**
HTC becomes VISITHATTIESBURG™

597845

2010

MSAE/LSAE Annual Conference • Sep 19-21

Mobile Street Renaissance Festival • Oct 1-3

Pine Belt Quilters • Oct 8-10

MSAE Lunch & Learn • Oct 20

Tradition/Innovation Press Conference • Oct 26

9th Annual Tourism Summit • Nov 3

Tradition/Innovation Exhibit Opening • Nov 3

Delta Region Welcome Center Blitz • Nov 4-5

MSAE Lunch & Learn • Nov 17

Ladysmith, South Africa Visit • Nov 18-19

MS Tourism Association Meeting • Dec 1

MSAE Sales Blitz • Dec 1-2

Lauderdale Co. Welcome Center Open House • Dec 9

Tourism Partners Blitz • Dec 13

MS Society of Association Executives • Dec 14-15

Visitors Center Christmas Open House • Dec 15

2011

MTA Legislative Luncheon • Jan 5

Tourism Partners Roundtable • Jan 12

MSAE Lunch & Learn • Jan 19

MDA Tourism Caucus • Jan 24

HHDA Annual Meeting • Jan 27

TN Motorcoach Assoc Tradeshow • Jan 31 - Feb 2



Pro-Start Competition • Feb 1

MS Tourism Association Meeting • Feb 2

Hotel Sales Calls • Feb 12

Camp Shelby Pre-Camp Conference • Feb 16-17

MSAE Lunch & Learn • Mar 9

New Harmonies Press Conference • Mar 18

MS Tourism Association Meeting • Apr 6

New Harmonies Exhibit Opening • Apr 16

Tourism Partners Roundtable • Apr 20

MSAE Mid-Year Conference • May 1-3

National Tourism Week • May 9-13

Tourism Partners Luncheon • May 12

Community Day at the Visitors Center • May 14

MDA Toyota Sweepstakes Tour • May 18

MS Tourism Association Meeting • May 25-26

Meridian Sales Blitz • June 2

MS Picnic • June 11

Festival South • June 14-18

MTA Media Day • June 21

Student Adventure FAM Tour • June 21 & 23

Hotel Sales Calls • June 29

Midsummer's Daydream Concerts • July 6 - Aug 26

MSAE Lunch & Learn • July 20

MDA Tourism Roundtable • July 20

STS Marketing College • July 23-30

Mississippi Miss Hospitality Pageant • July 24-25

MS Tourism Association Meeting • Aug 3

The Creative Economy • Aug 10

Coastal Welcome Center Blitz • Aug 25

All Aboard Art Exhibit Opening • Sep 9

Jackson Sales Blitz • Sep 13-14

Tourism Partners Roundtable • Sep 21

Governor's Conference on Tourism • Sep 26



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

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 2011

Kristie Fairley :: 100 Things To Do

Valada Flewellyn :: Jesse Brown Exhibit

Kristie Fairley :: Culinary Tourism

Anita Wright :: TNA Wrestling

FEBRUARY

Brooke Cruthirds :: Black History Month

Kristie Fairley :: Valentine's Day

Stephanie Patterson :: Coca-Cola Classic Rodeo

Chad Daniels :: MS Armed Forces Museum

MARCH

Rosie Ricks :: Beauty & the Beast

Kristie Fairley :: Art & Literature

Catherine Lott :: HubFest

Anita Wright :: Zoo's Birthday Bash

APRIL

Betsy Rowell :: New Harmonies Exhibit

Sarah Newton :: Live @ Five

Ellen Ruffin :: Golden Kite / Golden Dreams

Ron Hickman :: Timberton Golf Club

Lindsey Brown :: HCLC's The Drowsy Chaperone

MAY

Kristie Fairley :: National Tourism Week

Robert St. John :: My South

Bud Kirkpatrick :: Daylily Show

Jay Dean :: Festival South

JUNE

Jacque Pace :: Festival South Arts Market

Obra Quave :: Carey Dinner Theater

Mike Lopinto :: Festival South

Katie Townsend :: Stars & Stripes

JULY

Betsy Rowell :: Midsummer's Daydream

Sam Sparks :: Carey Dinner Theater

Dean Smith :: MS ArTEast Festival

Nicole Rhunke :: MS Miss Hospitality

Jordan Whittle :: 2010 Miss Hospitality

AUGUST

Lindsey Brown :: HCLC's Modern Musical

Kristie Fairley :: Free Things To Do

Ann Clair Reynolds :: 2011 Miss Hospitality

Kristie Fairley :: Great Southern Stampede

SEPTEMBER

Jim Coll :: Southern Miss Football

Betsy Rowell :: All Aboard Art Exhibit

Herlon Pierce :: Longleaf Trace

Betsy Rowell :: Fall Art Walk

Lori Birrer :: USM Symphony

OCTOBER 2010

Sarah Newton :: Live @ Five

Betsy Rowell :: Fall Art Walk

Derrick Ivy :: Forrest County Fair

Matt Martin :: Zoo Boo

Brooke Cruthirds :: Traditions & Innovations

NOVEMBER

Catherine Nowicki :: HCLC's Annie

Mike Lopinto :: Winter Wonderland

Rosie Ricks :: Ballet Magnificat

DECEMBER

Betsy Rowell :: Holiday Art Walk

Andrea Saffle :: Victorian Candlelit Christmas

Matt Martin :: Holiday Lights Zoofari

VISITHATTIESBURG™ rolls out the Red Carpet to groups of all sizes

Specialized services provide hospitality and support to groups visiting Hattiesburg

Red Carpet Services (RCS) is a program of VISITHATTIESBURG™ which promotes a variety of complimentary services offered to planners considering Hattiesburg for their motorcoach tour,

meeting or convention, sporting event or reunion.

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

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

2010 Conference Highlight

Name of Group

MS Forestry Association

Name of Conference

MS Forestry Association Annual Meeting

Dates of Conference

October 13-15, 2010

Number of Attendees

600

Description of Group

Mississippi Forestry Association (MFA)

is a not-for-profit organization representing a broad range of members in Mississippi's forestry community such as timberland owners, professional foresters, logging contractors, forest products manufacturers, wood fiber suppliers, and state & federal agencies. The mission of MFA is to lead diverse groups in promoting landowner rights, environmental stewardship, member prosperity and community understanding.

What They Said

"MS Forestry Association members had a great time in the piney woods of Hattiesburg, which provided an excellent location for our state-wide forestry group. This location put us close to many of our members with several options for forestry-related field tours. And, of course, Lake Terrace is a beautiful facility with ample space for our 600 attendees."

Eleana Pope, Program and Event Coordinator

Meetings Profile / Quick Facts

October 2010 – September 2011

Number of groups served: 123

Number of attendees served:

More than 15,000

Number of Conventions served: Over 30

Number of welcome bags supplied: 10,898

Number of group sales promotional events:

14 including stops in Jackson, Biloxi, Meridian, Tunica and Vicksburg

Type of groups targeted: Meetings & Conventions, Motorcoach, Sports, Military, and Reunions

Services include: Housing Bids, Site Inspections, Attendance Building, Name Badges, Welcome Bags, Itinerary Planning, and other customized services

2011 Conference Highlight

Name of Group

MS Association for Gifted Children

Name of Conference

2011 MAGC Conference

Dates of Conference

September 28-30, 2011

Number of Attendees

500

Description of Group

The MS Association for Gifted Children is a state organization that includes teachers, educators, parents and other professionals throughout the community who unite to address the unique needs of children with demonstrated gifts and talents, as well as those children who may be able to develop their talent potential with appropriate educational experiences.

What They Said

"Thank you to VISITHATTIESBURG™ and Lake Terrace for the excellent service that we enjoyed. Our guests absolutely loved Hattiesburg. We will be back next year." Glenn Nobles, President





Follow Hattie Hardy on Twitter



Friend Hattie Hardy on FaceBook



Join Hattie's Circle of Friends and receive her Weekly Word of Advice



Tune in every Friday to Tourism Talk with Hattie

::Connect to:: *Hattie's* Circle of friends



Check out Hattie's Weekly Blog on visit**hattie.com**



Check Hattie's calendar of events 24/7 on visit**hattie.com**



More than 8,935 visitors experienced hospitality, Hattie-style at the Hattiesburg Visitors Center in FY 2010-2011. Open Monday - Saturday from 9 to 5.



Stay with friends

Five Convention Center Plaza



Hattiesburg, Mississippi 39401 • 866.4**HATTIE**

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2011 and 2010

HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2011 and 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Exhibit A – Statements of Net Assets	6
Exhibit B – Statements of Activities	7
Exhibit C – Balance Sheets – Governmental Funds	8
Exhibit C1 – Reconciliations of the Governmental Funds Balance Sheets to the Statements of Net Assets	9
Exhibit D – Statements of Revenues, Expenditures, and Changes In the Fund Balances - Governmental Funds	10
Exhibit D1 – Reconciliations of the Statements of Revenues, Expenditures, and Changes in the Fund Balances – Governmental Funds to the Statements of Activities	11
NOTES TO FINANCIAL STATEMENTS	12
SUPPLEMENTAL INFORMATION	
Schedule 1 – Budgetary Comparison	21
REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	22

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 16, 2012

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, 2011 and 2010, 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, 2011 and 2010, 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 16, 2012, 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 16, 2012
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, 2011 AND 2010

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash, cash equivalents, and investments	\$ 546,621	\$ 587,417
Accounts receivable	2,055	5,363
Due from other governments	53,248	57,674
Inventory	9,341	9,341
Fixed assets, net	2,808	13,593
TOTAL ASSETS	\$ 614,074	\$ 673,388
 LIABILITIES & NET ASSETS:		
Liabilities:		
Accounts payable	\$ 34,690	\$ 16,246
Accrued payroll & vacation	20,603	18,924
Deferred revenue - zoo personnel reimbursement	-	18,867
Total liabilities	55,292	54,037
 Net Assets:		
Invested in capital assets (net of related debt)	2,808	13,593
Restricted for:		
Expendable:		
Unemployment	1,035	1,030
Unrestricted	554,939	604,728
TOTAL NET ASSETS	\$ 558,782	\$ 619,351

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, 2011 AND 2010

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
FUNCTION/PROGRAM EXPENSES:		
Tourism Promotion		
Payroll expense	\$ 421,287	\$ 411,973
Advertising and promotion	194,816	325,907
Operational costs	65,692	63,718
Depreciation and related asset charges	10,785	11,228
Event Sponsorship		
MS Miss Hospitality	59,156	57,658
Entity Management		
Hattiesburg Zoo	454,362	429,990
LTCC	18,766	36,119
Total Function/Program Expenses	1,224,863	1,336,593
 PROGRAM REVENUES:		
Charges for Services		
Gift Shop sales	12,027	9,455
MS Miss Hospitality	71,382	78,557
Other receipts	5,332	9,527
Operating Grants and Contributions		
Mississippi Development Authority	5,000	5,000
LTCC Contribution	183,835	156,026
Hattiesburg Zoo Contribution	452,728	430,631
Total Program Revenue	730,304	689,196
 NET PROGRAM EXPENSE	 (494,560)	 (647,397)
 GENERAL REVENUES:		
Special sales tax	429,190	490,103
Interest income	4,799	7,829
Total General Revenues	433,989	497,932
 Increase(Decrease) in net assets	 (60,570)	 (149,465)
 NET ASSETS - Beginning of Year	 619,351	 810,147
 Prior Period Adjustment	 -	 (41,331)
 NET ASSETS - End of Year	 \$ 558,782	 \$ 619,351

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

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011 AND 2010

	General Fund	
	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash, cash equivalents, and investments	\$ 546,621	\$ 587,417
Accounts receivable	2,055	5,363
Due from other governments	53,248	57,674
Inventory	9,341	9,341
Total Assets	\$ 611,266	\$ 659,795
 LIABILITIES		
Liabilities:		
Accounts payable	\$ 34,690	\$ 16,246
Accrued payroll & vacation	20,603	18,924
Deferred revenue - zoo personnel reimbursement	-	18,867
Total Liabilities	55,292	54,037
 Fund Balances:		
Non-Spendable:		
Inventory	9,341	9,341
Restricted:		
Unemployment	1,035	1,030
Assigned:		
Revenue reserves	350,000	350,000
Arts coalition	50,000	50,000
Zoo special project	70,000	70,000
Unassigned:		
General Fund	75,597	125,387
Total Fund Balance	555,973	605,758
Total Liabilities and Fund Balance	\$ 611,266	\$ 659,795

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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Total Fund Balance-Governmental Funds (Exhibit C)	\$ 555,974	\$ 605,758
<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>(97,171)</u>	<u>(86,386)</u>
Total Net Assets-Governmental Activities (Exhibit A)	<u>\$ 558,782</u>	<u>\$ 619,351</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, 2011 AND 2010

	General Fund	
	2011	2010
REVENUES		
Special sales tax	\$ 429,190	\$ 490,103
Interest income	4,799	7,829
Charges for services	88,741	97,539
Operating grants and contributions	641,563	591,657
Total Revenues	1,164,293	1,187,128
EXPENDITURES		
Tourism Promotion		
Payroll expense	421,287	411,973
Advertising and promotion	194,816	325,907
Operational costs	65,692	63,718
Event Sponsorship		
MS Miss Hospitality pageant	59,156	57,658
Entity Management		
Hattiesburg Zoo	454,362	429,990
LTCC	18,766	36,119
Total Expenditures	1,214,079	1,325,365
Net Change in Fund Balance	(49,785)	(138,237)
FUND BALANCE, BEGINNING	605,758	785,326
PRIOR PERIOD ADJUSTMENT	-	(41,331)
FUND BALANCE, ENDING	\$ 555,974	\$ 605,758

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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Net Change in fund balances-governmental funds (Exhibit D)	\$ (49,785)	\$ (138,237)
<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>	(10,785)	(11,228)
Change in net assets of governmental activities (Exhibit B)	\$ (60,570)	\$ (149,465)

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

HATTIESBURG TOURISM COMMISSION

NOTES TO FINANCIAL STATEMENTS

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

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

Government-wide financial statements:

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

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

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.

G. FUND EQUITY

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

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

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

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

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 a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the Commission's intent to be used for a specific purpose, but are neither restricted nor committed.

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.

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, 2011, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$546,221 and the bank balance was \$560,133. 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.

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, 2011, none of the Commission's bank balance was exposed to custodial credit risk.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVENTORY

Inventory consists of logo-related items, snacks, and gifts held for resale in the gift shops located at the Visitor’s Center and the Zoo.

NOTE 4 – CAPITAL ASSETS

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

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

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

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

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

Capital Assets consist of the following:

	9/30/2010	Additions	Disposals	9/30/2011
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>86,386</u>	 <u>10,785</u>	 <u>-</u>	 <u>97,171</u>
 Net Fixed Assets	 <u>\$ 13,593</u>			 <u>\$ 2,808</u>

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description:

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

Funding Policy:

PERS members are required to contribute 9.00% of their annual covered salary and Hattiesburg Tourism Commission is required to contribute at an actuarially determined rate. The current rate is 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, 2011 and 2010 were \$77,092 and \$69,824, respectively, which equaled the required contributions for each year.

NOTE 6 –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>LTCC:</u>		
<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Management contract	\$ 180,000
	Reimbursements for HCC activities	\$ 3,835
<u>Expenditures to:</u>		
	Administrative services	\$ 7,867
	Marketing	\$ 7,064
	HCC activities	\$ 3,835

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

- 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:

Zoo:		
<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
	Personnel reimbursement	\$ 452,728
<u>Expenditures to:</u>		
	Personnel costs	\$ 454,362

HATTIESBURG TOURISM COMMISSION

SUPPLEMENTAL INFORMATION

SCHEDULE-1

**HATTIESBURG TOURISM COMMISSION
BUDGETARY COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

SCHEDULE 1A

	Final Budget	Actual (non-GAAP Basis)	Variances Positive (Negative)
REVENUES			
2% Bed Tax	\$ 478,656	\$ 436,616	\$ (42,040)
Zoo Personnel Reimbursement	504,072	433,861	\$ (70,211)
CC Contract	180,000	177,000	
Program Revenue	65,000	80,558	15,558
Interest, Refunds, Misc	4,200	4,726	526
Logo Shop Sales	12,000	12,027	27
TOTAL REVENUES	<u>\$ 1,243,928</u>	<u>\$ 1,144,788</u>	<u>\$ (96,140)</u>
EXPENDITURES			
Capital Expenditures	\$ 3,000	\$ 2,850	\$ 150
Gift Shop Resale Items	12,000	6,023	5,977
Marketing	277,983	267,584	10,399
Office Operations	67,340	66,789	551
Payroll-including Zoo	916,246	873,970	42,276
TOTAL EXPENDITURES	<u>1,276,569</u>	<u>1,217,216</u>	<u>59,353</u>
NET EXCESS (DEFICIT)	<u>\$ (32,641)</u>	<u>\$ (72,427)</u>	<u>\$ (36,787)</u>

Basis of Presentation

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

King CPA, PLLC

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 16, 2012

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, 2011 and 2010, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 16, 2012. 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 16, 2012

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

Compliance and Other Matters

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

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

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

KING CPA, PLLC
Petal, Mississippi