



### Hattie's Radio Jingle

Visit Hattiesburg's Visitors Center,  
Your friendly one-stop information shop.

Eat, shop, stay and play,  
Your affordable family get-a-way.  
Hospitality – a cut above...  
Hattiesburg, a place you'll love.

Visit Hattiesburg's Visitors Center,  
Your friendly one-stop information shop.

Five Convention Center Plaza



Hattiesburg, Mississippi 39401 • 866.4HATTIE

*Stay with friends*



Hattiesburg Tourism Commission **2007** annualreport





# Biography of the Hattiesburg Convention and Visitors Bureau

In Hattiesburg, Tourism is a \$211 million a year industry

Created in 1990, the mission of the Hattiesburg Tourism Commission (HTC), operating as the Hattiesburg Convention & Visitors Bureau (HCVB), is to introduce new dollars into the Hattiesburg economy through increased short-term visitation and overnight stays.



Commonly known in the tourism industry as a Destination Marketing Organization (DMO), a Convention and Visitors Bureau typically is charged with the specific role of marketing and promoting an area for the purpose of enhancing and developing its tourism economy. By marketing Hattiesburg's existing attractions, such as the Longleaf Trace Rails-to-Trails Conservancy Project, the Mississippi Armed Forces Museum and Hattiesburg's Historic Downtown, just to name a few, the HTC has

grown the local tourism industry to over \$211 million in value to our local economy.

In 2002, a pivotal point for the HTC occurred with the undertaking of a 16-month research and branding project. Specifically, the study was conducted to develop a BrandPrint™ for the HTC to use in its marketing efforts. Quantitative and qualitative research, including a PRIZM report, helped the HTC to identify Hattiesburg's key markets, 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, the HTC staff has been diligently working to implement the 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 which appeals to Hattiesburg's target markets. Having been recognized by six distinguished awards within the tourism industry since the implementation of the BrandPrint™ Hattiesburg is leading the way in tourism marketing and development within the region.



## THE HATTIESBURG TOURISM COMMISSION

Annual Report • October 1, 2006 – September 30, 2007

On March 31, 2004, another benchmark for tourism was made when the HTC officially opened the doors to their new home in the Hattiesburg Visitors Center. The opening of the Visitors Center further complemented the marketing goals of the HTC by providing the organization with an identifiable "face." The Hattiesburg Visitors Center epitomizes the message of the 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, more than 33,000 visitors have signed the Visitors Center's guest book and been welcomed with Hattiesburg's hallmark hospitality.

Finally, as the host city for notable events such as Pre-Olympic Training in 1996 and the Mississippi Miss Hospitality Pageant, Hattiesburg has been exposed to additional visitors and tourists both regionally and nationally. Furthermore, the continuous development of tourism infrastructure, such as the Lake Terrace Convention Center and the refurbishment of the Historic Saenger Theater (just to name a few), continues to further the HTC's work in the growth of tourism both in economic scale and in visible importance to Hattiesburg's quality of life.

## HATTIESBURG TOURISM COMMISSION 2006 – 2007

CHAIR  
**CHRIS ROWELL**  
*Commissioner  
Hotel/Motel Industry*

VICE-CHAIR  
**MARSHALL BELL**  
*Commissioner at Large*

TREASURER  
**DR. CATHIE PRICE**  
*Commissioner  
University of Southern Mississippi*

SECRETARY  
**STERLING RASCOE**  
*Commissioner  
Economic Development*

IMMEDIATE PAST CHAIR  
**BONNIE WARREN**  
*Commissioner at Large*

**SANDRA FOSTER**  
*Commissioner  
Hotel/Motel Industry*

**JAMES RATLIFF**  
*Commissioner at Large*

The Hattiesburg Tourism Commission consists of seven (7) members:

- Two (2) members of the hotel/motel industry
- One (1) member either of the Chamber of Commerce or the Economic Development Foundation
- One member (1) representing the University of Southern Mississippi
- Three (3) members who serve at large



# Evolution of Hattiesburg's Tourism Industry

- 1990 • State legislature creates Hattiesburg Tourism Commission
- 1991 • Timberton Golf Club opens
- 1994 • Golf Package Marketing begins
- 1995 • Tatum Park softball/soccer complex opens
- 1996 • International Olympic Teams train in Hattiesburg  
Hattiesburg Library opens featuring a 167-foot circular mural  
Hattiesburg Zoo begins five-year development plan
- 1997 • HTC recruits the Mississippi Miss Hospitality Pageant
- 1998 • Lake Terrace Convention Center opens  
Canebrake Golf Course opens  
Timberton Golf Club opens nine new holes
- 2000 • Longleaf Trace recreational trail opens  
HHDA receives revitalization plan  
Historic Saenger Theater re-opens
- 2001 • Shadow Ridge Golf Club opens  
Mississippi Armed Forces Museum opens
- 2002 • Hattiesburg's First National Tourism Week Promotional Campaign  
Inaugural Tourism Summit  
Walnut Street Development in Historic Downtown begins
- 2003 • City of Hattiesburg purchases trolleys for tourism  
Tatum Park sports complex expansion begins  
**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 national awards for "Hattie" BrandPrint™  
HTC joins Hattiesburg Hotel and Lodging Association in raising \$25,000 in Tourism Hurricane Recovery Funds  
Historic Hattiesburg 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 Executive Director, Rick Taylor  
**Visitors to Hattiesburg spend \$171 million**
- 2007 • Hattiesburg's Historic Train Depot re-opens  
Thad Cochran Center at Southern Miss opens  
Hotel inventory grows to more than 2,500 rooms  
**Visitors to Hattiesburg spend \$211 million**





Delta Region Welcome Center Blitz, Adams, Washington, Coahoma & DeSoto Counties • November 2-3

Military Pre-Camp Conference, Camp Shelby, MS • November 14

National Arts Marketing Conference, New York University, NY • November 17-19

Hattiesburg Day at the Lauderdale County Welcome Center, Meridian, MS • December 15

Hotel Appreciation Holiday Blitz • December 18

Visitors Center Open House • December 20

Military Pre-Camp Conference, Camp Shelby, MS • January 6, 2007

Trips Unlimited Motorcoach Show, New Orleans, LA • January 7

Mississippi Tourism Association Legislative Luncheon, Jackson, MS • January 10

Mississippi Business Expo, Jackson, MS • January 16-18

All-American Golf Show, St. Louis, MO • January 26-28



Military Pre-Camp Conference, Camp Shelby, MS • February 10

Mississippi Governor's Conference on Tourism, Meridian, MS • February 25-27

Milwaukee Journal Sentinel Golf Show, Milwaukee, WI • March 2-4

Travel South Showcase Motorcoach Show, Myrtle Beach, SC • March 10-13

Southeast Tourism Society Spring Conference, Biloxi, MS • March 19-21

German Golf Travel Writer FAM Tour • March 30-31

Visitors Center Third Anniversary Celebration • March 31, 2007

Tourism Partners Roundtable • April 17



**THE HATTIESBURG TOURISM COMMISSION**

Annual Report • October 1, 2006 – September 30, 2007

**October 2006**

Gloria Green – Pine Belt Quilter's Biennial Show  
Layla Essary – Pick-Up the Pine Belt  
Traci Rouse – Rocky Horror Picture Show  
Matt Martin – Zoo Boo

**November**

Bill Powe – Longleaf Trace Birthday Challenge  
Chad Daniels – Veteran's Day at Armed Forces Museum  
Gene Gouaux – Eaglepalooza

**December**

Patrick Bell – Great Russian Nutcracker  
Gail Albert – Art Walk & Victorian Candlelit Christmas  
Matt Martin – Holiday Lights Zoofan  
New Year's Celebrations

**January 2007**

Tourism's Top 10  
2007 Hattiesburg Arts Calendar  
Tourism Trivia  
Matt Martin – Hattie's Photo Favorites

**February**

Derrick Ivy – Coca-Cola Classic Rodeo  
Jay Dean – Tango Valentino  
Todd Nace – Hub City Dragway's Mardi Gras Race  
Tom White – Bianchi's Pizzeria

**March**

Chad Daniels & Matt Martin – Wings of Freedom  
Traci Rouse – Historic Saenger Theater  
Katie Townsend – South MS Arts Heritage Festival  
Jay Dean – Charley Pride Concert  
Norman Winter – Garden & Patio Show

**April**

Traci Rouse – The Pendragon's Magic Show  
Bernice Linton – Downtown Art Walk & Street Party  
Historic Train Depot

**May**

Jay Dean – United in Song w/ Patti LaBelle  
Jack Kyle – Swan Community Art Project  
National Tourism Week  
Derrick Ivy – May Fest

**June**

Oubre Quave – Carey Dinner Theatre  
Summer Fun Ideas  
Nancy Chain – Annual Daylily Show  
Deborah Denard-Delgado – Mobile Street Renaissance Festival  
Celebrating the Fourth of July

**July**

Mike Lopinto – Southern Miss Symphony Orchestra  
Chad Daniels – Camp Shelby's 90th Birthday  
New Hattiesburg Arts Calendar  
Traci Rouse – MS Miss Hospitality Pageant

**August**

Stacie Stokley – MS Miss Hospitality  
Jack Kyle – Festival of Swans  
National Geographic Magazine's Top Cities  
Betsy Rowell – Historic Downtown  
Derrick Ivy – Great Southern Stampede

**September**

Joe Paul – Southern Miss  
Jamie Strandland – Pride of Mississippi  
Traci Rouse – Historic Saenger Theater  
Lou Rackoff – Southern Miss Theatre & Dance

**Tune in every Friday morning at 7:45 a.m. to 98.1 FM for Tourism Talk with Hattie!**



# Hattie out & about

MS Golf Marketing Partners Roundtable, Tunica, MS • July 23

Tourism Ambassador FAM Tour • July 27

Mississippi Miss Hospitality Pageant • August 3-4

Visitors Center Promotional Blitz • August 10

Travel & Tourism Research Association Conference, New Orleans, LA • August 30-31

Local Industry FAM Tour • September 13

Sales and Marketing Executives International Annual Convention, Dallas, TX • September 21-22

Meetings & Conventions Promotional Blitz, Jackson, MS • September 25-26



National Tourism Week • May 14-18

Tourism Industry "Thank You" Blitz • May 14-15

Cultural and Heritage Tourism Workshop • May 16

Tourism Partners Luncheon • May 17

Community Day at the Visitors Center • May 18

Mississippi Tourism Media Event, New York, NY • June 2

MS Municipal League, Biloxi, MS • June 24

South MS Welcome Center Blitz, Jackson, Hancock, Pearl River, Pike & Adams Counties • July 11-12

Tourism Ambassador FAM Tour • July 13

Tourism Ambassador FAM Tour • July 20

# Hattiesburg Visitors Center in fourth year of welcoming tourists to town

Center has hosted more than 33,000 visitors since 2004

On March 31, the Hattiesburg Visitors Center celebrated its third anniversary. Since the long-awaited opening of the Hattiesburg Visitors Center, more than 33,000 visitors have signed the guest book and been welcomed to Hattiesburg.



– WA visitor as written in the Visitors Center guest book

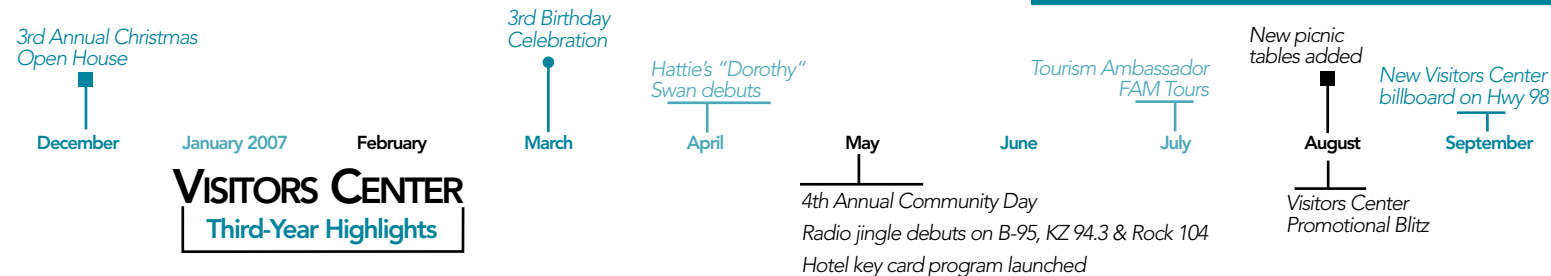
warmth and friendliness offered by Hattiesburg's Tourism Ambassadors that truly sets this Visitors Center apart from other like facilities in the nation.

"We see it as an honor and privilege to serve our visitors and provide each of them with a memorable experience marked with Hattiesburg's hallmark hospitality," said Visitors Center Manager, Kristie Fairley.

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

The Visitors Center provides Hattiesburg's Tourism Ambassadors with the unique opportunity of shaping the visitor's first impression of Hattiesburg.

In addition to an impressive facility, it is the



**bythenumbers**

**FIRST YEAR**  
(March 31, 2004 – March 31, 2005)

- Hosted 8,166 visitors in 314 days
- Hosted an average of 681 visitors/month
- Hosted an average of 26 visitors/day

**SECOND YEAR**  
(April 1, 2005 – March 31, 2006)

- Hosted 10,531 visitors in 292 days
- Hosted an average of 878 visitors/month
- Hosted an average of 36 visitors/day

**THIRD YEAR**  
(April 1, 2006 – March 31, 2007)

- Hosted 9,676 visitors in 310 days
- Hosted an average of 806 visitors/month
- Hosted an average of 31 visitors/day

**INTO THE FOURTH YEAR**  
(April 1, 2007 – September 30, 2007)

- Hosted 5,092 visitors in 156 days
- Hosted an average of 849 visitors/month
- Hosted an average of 33 visitors/day

• 1,346 inquiries received  
• 12,962 Hattie bags distributed

## Hattiesburg Lake Terrace Convention Center

In 1998, the HTC took on marketing management of the new Hattiesburg Lake Terrace Convention Center. In nine years, the Center has hosted more than a million attendees and introduced more than 100 million new dollars to the Hattiesburg economy.

## Mississippi Miss Hospitality Pageant



Miss Hospitality 2007 Rebekah Staples is crowned by Miss Hospitality 2006 Stacie Stokley.

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. This year, the Pageant hosted 34 contestants promoting tourism and economic development throughout Mississippi.

## On-going Projects

### Saenger Theater

In the fall of 2003, the HTC was approached by the City of Hattiesburg to take on management of the Historic Saenger Theater in Downtown Hattiesburg. With five years of management experience garnered from the Lake Terrace Convention Center, the HTC saw the Saenger as a great opportunity to drive business into Downtown.



# Tourism's award-winning "Hattie" BrandPrint™ continues to evolve

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

Since its unveiling four years ago, the look and feel of Tourism's BrandPrint™ has matured and evolved with the growth of the industry and the organization. In 2006-2007, many existing projects were revised to reflect the most recent phase of the "Hattie" Brand.

These revised projects (featured on these two pages) included an update to the **Visitors Guide**, one of the primary marketing tools of the Visitors Center; updated **Publication Space Ads**, focused on promoting weekend events; as well as, updated **"Hattie" Billboards**, also focused on promoting special weekend events. Even **Tourism Talk with Hattie**, a weekly Friday morning radio program airing on WMXI / 98.1, has evolved into the listener's drive-time opportunity for planning a great weekend in the Hattiesburg area.

"We have come to realize that Hattiesburg has a continuous supply of unique and family-friendly weekend activities and events," said Kristie Fairley, Marketing & Brand Manager. "This fits perfectly with the marketing message we are communicating to our potential visitors – that Hattiesburg is an affordable, family-friendly, weekend getaway."

In addition to the revision of many existing projects, several new projects also debuted in the past year. For guests checking into 11 area hotels, the Visitors Center isn't hard to find. With 100,000 **Hotel Key Cards** featuring directions and information about the Visitors Center, visitors not only hold in their hand the key to their hotel rooms, but also the key to more information about the City of Hospitality.

Two other very exciting projects which unveiled in 2007 included a Tourism Video and a Radio Jingle. The 10-minute **Tourism Video**, promoting Hattiesburg's Tourism Industry, was provided to Mississippi's 12 State Welcome Centers and will also be used to target the motorcoach and meetings and



A

conventions industries, in addition to other uses. Locally, this video can be viewed on Comcast-On-Demand under the travel searchlight, as well as, at the Hattiesburg Visitors Center.

The **Radio Jingle**, which currently airs on B-95, KZ 94.3 and Rock 104, to name a few, promotes the Visitors Center, as well as, weekend events. Rick Taylor, Executive Director, said, "Much like *Tourism Talk with Hattie*, we hope that through the radio jingle, people in the surrounding area will become more informed and knowledgeable about what's happening right here, and, as a result, join us in being Tourism Ambassadors for Hattiesburg."



## 2007 BrandPrint™ Projects

- Hotel Key Cards **NEW (A)**
- Welcome Bags
- Red Carpet Services Program
- RCS Profile Sheets **NEW (B)**
- Hattiesburg Tourism Passport
- "Hattie" Billboards **REVISED (C)**
- "Hattie" Promo Items
- Publication Space Ads **REVISED (D)**
- Hattiesburg Postcards
- Tourism Matters Newsletter **(E)**
- Hattie's "Dorothy" Swan **NEW (F)**
- Tourism Coloring Book
- Tourism Radio Jingle **NEW**
- Tourism Talk with Hattie **(G)**
- Visitors Center Rack Card
- Visitors Guide **REVISED (H)**
- Visitors Map
- Lightpole Banners
- BellSouth Phonebook Cover **NEW (I)**
- Stationery Package
- Visitors Center Billboards **REVISED (J)**
- "Hattie" Promotional Folders
- Tourism Photo Album **NEW**
- VISITHATTIE.COM
- Tourism Promotional Video **NEW**
- Logo Apparel
- "Hattie" Merchandise

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

THE HATTIESBURG TOURISM COMMISSION



Annual Report • October 1, 2006 – September 30, 2007



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D



**HATTIESBURG TOURISM COMMISSION**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2007

**HATTIESBURG TOURISM COMMISSION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2007**

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Certified Public Accountants*

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*Mississippi Society of Certified  
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## **INDEPENDENT AUDITOR'S REPORT**

January 25, 2008

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 year ended September 30, 2007, 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, 2007, and the respective changes in financial position thereof for the year 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, 2008, on our consideration of the Hattiesburg Tourism Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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



KING CPA, PLLC  
Petal, Mississippi



**HATTIESBURG TOURISM COMMISSION**

**FINANCIAL STATEMENTS**

EXHIBIT A

**HATTIESBURG TOURISM COMMISSION**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

	<b>Government Activities</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 588,914
Inventory	10,601
Due from other governments	55,453
Fixed assets, net	49,820
<b>TOTAL ASSETS</b>	<b>\$ 704,788</b>
<b>LIABILITIES &amp; FUND BALANCES:</b>	
Liabilities:	
Accounts payable	\$ 18,526
Accrued payroll & vacation	19,875
Total liabilities	38,401
Net Assets:	
Invested in capital assets (net of related debt)	49,820
Reserved for unemployment	1,015
Designated for Operations Reserve	250,000
Unrestricted/Undesignated	365,552
<b>TOTAL NET ASSETS</b>	<b>\$ 666,387</b>

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



## EXHIBIT B

**HATTIESBURG TOURISM COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>PROGRAM EXPENSES:</b>	<b>Governmental Activities</b>
Payroll expense	\$ 290,538
Advertising and promotion	344,211
Event cost - Ms Hospitality	60,984
Operational costs	133,404
Depreciation	<u>13,205</u>
Total Program Expense	<u>842,342</u>
 <b>PROGRAM REVENUES:</b>	
Marketing fees - convention center	144,000
Event fees - Ms Hospitality	77,758
Other receipts	<u>47,366</u>
Total Program Revenue	<u>269,124</u>
 <b>NET PROGRAM EXPENSE</b>	 <u>(573,218)</u>
 <b>GENERAL REVENUES:</b>	
Special sales tax	503,768
Grant proceeds - State of Ms	62,710
Interest income	<u>13,871</u>
<b>Total General Revenues</b>	<u>580,349</u>
 <b>Increase in net assets</b>	 7,131
 <b>NET ASSETS - Beginning of Year</b>	 <u>659,256</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 666,387</u>

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

EXHIBIT C

**HATTIESBURG TOURISM COMMISSION**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
 SEPTEMBER 30, 2007

	<u><b>General Fund</b></u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 588,914
Inventory	10,601
Due from other governments	<u>55,453</u>
<b>Total Assets</b>	<u><u>\$ 654,968</u></u>
 <b>LIABILITIES</b>	
Liabilities:	
Accounts payable	\$ 18,526
Accrued payroll & vacation	<u>19,875</u>
Total Liabilities	<u>38,401</u>
 Fund Balances:	
Reserved	
Unemployment	1,015
Designated-	
Operations reserve	250,000
Undesignated-	
General Fund	<u>365,552</u>
Total Fund Balance	<u>616,567</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 654,968</u></u>

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



EXHIBIT C-1

**HATTIESBURG TOURISM COMMISSION**  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

Total Fund Balance-Governmental Funds (Exhibit C)	\$ 616,567
---	------------

Amounts reported for net assets in the statement of net assets are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$59,339	<u>49,820</u>
--	---------------

<b>Total Net Assets-Governmental Activities (Exhibit A)</b>	<b><u><u>\$ 666,387</u></u></b>
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The accompanying notes are an integral part of the financial statements.

EXHIBIT D

**HATTIESBURG TOURISM COMMISSION**  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES – GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

<b>REVENUES</b>	<b>General Fund</b>
Special sales tax	\$ 503,768
Marketing fees - convention center	144,000
Event fees - Ms Hospitality	77,758
State grants	62,710
Interest income	13,871
Other receipts	<u>47,366</u>
Total Revenues	<u>849,473</u>
<b>EXPENDITURES</b>	
Payroll expense	290,538
Advertising and promotion	344,211
Event cost - Ms Hospitality	60,984
Operational costs	133,404
Capital outlay	<u>4,685</u>
Total Expenditures	<u>833,822</u>
<b>Excess (deficiency) of revenues over expenditures</b>	15,651
<b>FUND BALANCE, BEGINNING</b>	<u>600,918</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ 616,569</u></u>

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



EXHIBIT D-1

**HATTIESBURG TOURISM COMMISSION**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net Change in fund balances-governmental funds (Exhibit D) \$ 15,651

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of capital assets exceeding certain threshold limits is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$13,205 exceeds capital outlays of \$4,685.

(8,520)

**Change in net assets of governmental activities (Exhibit B) \$ 7,131**

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

**HATTIESBURG TOURISM COMMISSION**

**NOTES TO FINANCIAL STATEMENTS**



**HATTIESBURG TOURISM COMMISSION**  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

*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.

*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:

**HATTIESBURG TOURISM COMMISSION**  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**B. BASIS OF PRESENTATION (continued):**

The Commission reports the following major governmental funds:

**GENERAL FUND** – The General Fund is the general 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.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

Hattiesburg Tourism Commission has no legal budget requirements. The Commission provides budgetary data for management and reporting purposes using the following procedures:

1. The executive director of Hattiesburg Tourism Commission submits a proposed budget to the Board of Directors.
2. The board reviews the proposed budget, makes changes and approves.
3. Budgets for the Governmental Funds are not adopted on a basis consistent with generally accepted accounting principles (GAAP).  
Budgeted amounts are as originally adopted, or as amended by the Board of Directors.
4. Budget amendments are approved by board before year end.
5. The budgets appropriations lapse at the end of the fiscal year.

**HATTIESBURG TOURISM COMMISSION**  
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SEPTEMBER 30, 2007

**E. COMPENSATED ABSENCES**

Commission employees are entitled to certain compensated absences based upon their length of employment. Vacation leave is earned during the 12-month period that begins when the employee is eligible to earn vacation time. A waiting period of six months must be completed before vacation time can be used. After that, employees can request use of earned vacation time including that accrued during the waiting period. A maximum of fifteen days of unused vacation may be carried over into the following year. The remainder of the vacation time will be forfeited if not used within the benefit year. Upon termination of employment, each employee shall be paid for unused vacation time that has been accrued through the last day of work. There is no limit to accumulation of sick leave days. However, unused sick leave days will not be paid to employees while they are employed or upon termination of employment. Accrued leave, which includes vacation, is awarded on a fiscal year basis. Unused leave at September 30 is not carried forward.

**F. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*NOTE 2 – CASH AND CASH EQUIVALENTS*

The commission deposits excess funds in financial institutions selected in accordance with state statutes.

Cash consists of amounts on deposit with financial institutions in non-interest-bearing accounts, interest-bearing demand accounts, savings accounts and certificates of deposits with 12 month maturity or less. Cash and investments are valued at cost. The carrying amount approximates fair value because of the short maturities of these instruments.

The carrying amount of Hattiesburg Tourism Commission deposits with financial institutions was \$588,914 and the bank balance was \$596,378.

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



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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, 2007, none of the commission's bank balance of \$596,378 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

Capital Assets consist of the following:

	9/30/2006	Additions	Disposals	9/30/2007
Equipment	\$ 31,006	\$ 2,927	\$ -	\$ 33,933
Furniture	<u>73,468</u>	<u>1,758</u>	<u>-</u>	<u>75,226</u>
	<u>104,474</u>	<u>4,685</u>	<u>-</u>	<u>109,159</u>
Accumulated Depreciaton	<u>46,134</u>	<u>13,205</u>	<u>-</u>	<u>59,339</u>
Net Fixed Assets	<u>\$ 58,340</u>			<u>\$ 49,820</u>

**HATTIESBURG TOURISM COMMISSION**  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2007

*NOTE 4 – DEFINED BENEFIT PENSION PLAN*

Plan Description:

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

Funding Policy:

PERS members are required to contribute 7.25% of their annual covered salary and Hattiesburg Tourism Commission is required to contribute at an actuarially determined rate. The current rate is 11.875% 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, 2007 and 2006 were \$26,870 and \$30,275, respectively, which equaled the required contributions for each year.

*NOTE 5 –RELATED ORGANIZATIONS UNDER COMMON CONTROL*

- A. The Commission and the Area Development Partnership (ADP) have a contract to jointly provide services for the Lake Terrace Convention Center (LTCC). The Commission’s director, Richard Taylor, is also the director of the LTCC. Revenues from / expenditures to related parties are outlined below:

<u>Revenues from:</u>	<u>Description</u>	<u>Amount</u>
LTCC	Management contract	\$ 144,000
LTCC	Reimbursements	\$ 33,763
<u>Expenditures to:</u>		
ADP	Office rent	\$ 10,440
LTCC	Housekeeping and maintenance	\$ 3,970

- B. The Hattiesburg Tourism Commission entered into a 10-year lease on October 1, 2004 with the Hattiesburg Convention Commission to move its operation to the second floor of the Visitors Center. As part of the agreement, the Hattiesburg Tourism Commission agreed to furnish and equip the second floor office and provide operational management in addition to its financial contribution to the project in exchange for relocation of Tourism offices to the building.

**HATTIESBURG TOURISM COMMISSION**

**SUPPLEMENTAL INFORMATION**



SCHEDULE-1

**HATTIESBURG TOURISM COMMISSION**  
**BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variances Positive (Negative)</u>
<b>REVENUES</b>			
2% Bed Tax	\$ 498,000	\$ 503,768	\$ 5,768
Program Revenue	221,000	223,987	2,987
Interest, Refunds, Misc	43,120	47,634	4,514
State Grants	64,000	62,710	(1,290)
Logo Shop Sales	<u>12,000</u>	<u>11,373</u>	<u>(627)</u>
<b>TOTAL REVENUES</b>	<u>\$ 838,120</u>	<u>\$ 849,472</u>	<u>\$ 11,352</u>
<b>EXPENDITURES</b>			
Operations	\$ 372,132	\$ 366,599	\$ 5,533
Capital Expenditures	3,600	4,685	(1,085)
Advertising & Promotions	<u>417,515</u>	<u>462,538</u>	<u>(45,023)</u>
<b>TOTAL EXPENDITURES</b>	<u>793,247</u>	<u>833,822</u>	<u>(40,575)</u>
<b>NET EXCESS (DEFICIT)</b>	<u>\$ 44,873</u>	<u>\$ 15,650</u>	<u>\$ (29,223)</u>

American Institute of  
Certified Public Accountants

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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, 2008

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 year ended September 30, 2007, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 25, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

We consider the deficiency (2007-1) described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### 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.

Handwritten signature in cursive script that reads "King CPA, PLLC".

KING CPA, PLLC  
Petal, Mississippi

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

### Finding 2007-1    Lack of Segregation of Duties – Small Entity

Management is responsible for establishing and maintaining a proper internal control system to ensure proper financial accountability and safeguarding of assets.

In performing our audit procedures we noted the lack of segregation of duties in authorizing, processing and recording financial transactions. We believe this is a result of the size and nature of the entity and its staff. However, we recommend the Commission implement additional controls to help mitigate this deficiency.

#### Response from Hattiesburg Tourism Commission:

Under the guidance and advisement of King CPA, PLLC, the Hattiesburg Tourism Commission will implement appropriate controls to better segregate duties related to authorizing, processing and recording of financial transactions.