

VISITHATTIESBURG's™ new mural and
timeline on display in the Visitors Center

WELCOME TO HATTIESBURG

2012 annual report

October 1, 2011 • September 30, 2012



- HATTIESBURG FOUNDED 1882
- 1884 HATTIESBURG INCORPORATED
- MISSISSIPPI WOMENS COLLEGE OPENS 1906
- 1910 MISSISSIPPI NORMAL COLLEGE OPENS
- HATTIESBURG TRAIN DEPOT BUILT
- CAMP SHELBY INCORPORATED 1917
- 1929 SAENGER THEATER OPENS
- FIRST ROCK & ROLL RECORDING MADE IN HATTIESBURG
- HISTORIC 6TH STREET USO OPENS 1942
- 1950 HATTIESBURG ZOO AT KAMPER PARK OPENS
- FREEDOM SUMMER 1964
- 2000 LONGLEAF TRACE OPENS

Biography of VISITHATTIESBURG™

Tourism is a \$233 million a year industry in Hattiesburg and growing everyday

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 80,000 visitors from around the globe have signed the guest book at the Visitors Center and been welcomed with Hattiesburg's hallmark hospitality.

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

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

Industry-wide and across the nation, the makeup and daily activities of a Destination Marketing Organization (DMO) can vary from city to city; however, the primary purpose is generally the same - to serve as an economic development tool that markets and promotes an area's local tourism industry. In Hattiesburg, VISITHATTIESBURG™ has remained true to its core role as a marketer and promoter of the local tourism industry, not a developer of bricks and mortar.

Since its inception, the marketing and promotional activities of VISITHATTIESBURG™ have served as a catalyst for the local tourism industry and have resulted in the industry's growth into a \$233 million dollar economic engine for Hattiesburg (in 2012). 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



TOURISM the green economy



For the eleventh consecutive year, VISITHATTIESBURG™ observed National Tourism Week with meaningful activities for all members of the community. During the week of May 7-11, 2012, Hattiesburg Tourism Industry Partners came together to celebrate tourism's economic value and Hattiesburg's greatest asset – the warmth and hospitality of its people.

This year's week-long celebrations were themed around "Tourism – The Green Economy," and the \$233 Million new dollars visitors deposited directly into Hattiesburg's local economy. Kicking off the week, Tourism Ambassadors from VISITHATTIESBURG™ "blitzed" Hattiesburg's Tourism Industry workforce, distributed tokens of appreciation to more than 1,000 business owners, managers, front line employees and service staff thanking them for their role in making tourism an economic engine for Hattiesburg.

"The men and women who make up the tourism workforce in our community are the heartbeat of our industry," said Rick Taylor, Executive Director of the Hattiesburg Tourism Commission. "These are the folks that give Hattiesburg an unrivaled reputation for genuine hospitality among our visitors, and these lasting impressions convert into meaningful dollars for Hattiesburg. Last year, visitors to Mississippi spent \$6 Billion and visitors to Hattiesburg spent more than \$233 Million in the local economy. These amounts were definitely worth celebrating!"

One of the most important parts of the week's schedule of events included the Tourism Partners Luncheon held on May 8 at the Historic Train Depot in Downtown Hattiesburg. At this luncheon, Industry Leaders and City officials gathered to celebrate the value of tourism and to

recognize the industry's Shining Stars. This year, more than 20 individuals from the tourism industry were recognized with the Shining Star award, created to applaud those who excel at providing Hattiesburg's hallmark hospitality to visitors.



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On Friday, May 11 from 11am-1pm, the community joined the celebration with a "Picnic with Hattie" at the Hattiesburg Visitors Center. During the Picnic, the first 50 guests to sign the Guest Book at the Hattiesburg Visitors Center received a free "Green Economy" t-shirt.

National Travel and Tourism Week (National Tourism Week) is an initiative of the U.S. Travel Association, established by Congress during the Reagan administration in 1983. Observed annually in the month of May, VISITHATTIESBURG™ has been observing National Tourism Week since 2002, promoting the impact of visitors spending on the local Hattiesburg economy. In September 2012, VISITHATTIESBURG™'s "Tourism: The Green Economy" National Tourism Week Campaign received the Research-In-Action Award at the Mississippi Governor's Conference on Tourism.



Branding Miss Hattie

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™.

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.

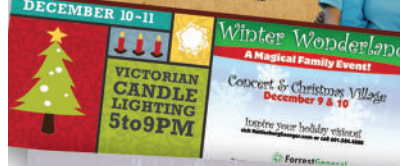
The "Hattie" BrandPrint™ has been recognized with six distinguished awards from national, regional and state tourism industry associations since its implementation, and has made Hattiesburg a leader in tourism branding and marketing in the Southeast region of the United States.

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!

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



Brandprint™ Timeline 2003-2012 HATTIESBURG

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| <p>'03 New logo and display ads unveiled "Hattie" BrandPrint™</p> <p>Southeast Tourism Society CVB of the Year Shining Example Award</p> | <p>Visitors Center opens & Red Carpet Services rolled out</p> <p>'04 Hattie gets a home</p> <p>\$150m</p> <p>Mississippi Tourism Association CVB of the Year</p> <p>Travel and Tourism Research Association Research-In-Action Award</p> | <p>Hospitality Sales & Marketing Association International Gold, Silver & Bronze Adrian Awards</p> <p>'05 Hattie goes live</p> <p>\$160m</p> <p>visithattie.com & Tourism Talk with Hattie</p> | <p>New look for ads and promotional items</p> <p>'06 Hattie's makeover</p> <p>\$171m</p> | <p>'07 New name, same friendly faces</p> <p>\$211m</p> <p>HTC becomes VISITHATTIESBURG™</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|

Miss Hospitality spreads goodwill through Mississippi and beyond

Ann Claire Reynolds traveled more than 30,000 miles in 2011-2012 to promote state

Southern hospitality at its finest is displayed each year through the Mississippi Miss Hospitality Pageant. A tradition that dates back to 1949, the Pageant highlights Mississippi's best and brightest young ladies while promoting the state's tourism and economic development programs.

In 1949, then-Governor Fielding Wright and the Mississippi Legislature established the program for the purpose of promoting Mississippi's tourism throughout the state and across the country. 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 \$450,000 to the local economy.

During the summer of 2011, Ann Claire Reynolds was crowned Mississippi's 62nd Miss Hospitality at the Historic Saenger Theater in Downtown Hattiesburg. A native of Petal, MS and a student at The University of Southern Mississippi, Reynolds competed with 27 other contestants from across the state for the Miss Hospitality title and crown.

Throughout her reign, Reynolds traveled more than 30,000 miles promoting tourism and economic development in Mississippi 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 annual events such as the Pilgrimages in Natchez and Vicksburg, the Dixie National Parade, Mississippi State Fair, Mississippi Day in Central Park and other local and regional events.



Mobile Street Blues Trail marker & Midsummer's Day Dream Concert Series

'08 Hattie Presents

\$227m Mississippi Tourism Association
Tourism Promotion of the Year

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'09

Hattie starts socializing

\$234m Hattie Hardy joins FaceBook, Twitter & introduces weekly blog

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

'10 Hattie promotes Heritage

\$241m

'11

Hattie goes Green

\$225m Award-winning National Tourism Week Campaign

'12

\$233m

Follow
Hattie Hardy
on Twitter



Friend
Hattie Hardy
on FaceBook



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



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



Check out Hattie's
Weekly Blog on
visithattie.com

Tune in every Friday to
Tourism Talk with Hattie



Check Hattie's calendar
of events 24/7 on
visithattie.com



8,823 visitors experienced hospitality
Hattie-style at the Hattiesburg Visitors
Center in FY 2011-2012.
Open Monday - Saturday from 9 to 5.



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

OCTOBER 2011

Sarah Newton :: **Live @ Five**
Chad Daniels :: **MS Armed Forces Museum**
Matt Martin :: **Zoo Boo**
Rosie Ricks :: **Rocky Horror**

NOVEMBER

Betsy Rowell :: **Holiday Shopping**
John Parker :: **HCLC presents The King & I**
Rosie Ricks :: **Pinocchio**

DECEMBER

Michelle Leslie :: **Winter Wonderland**
Andrea Saffle :: **Victorian Candlelit Christmas**
Rosie Ricks :: **Classic Holiday Movies**
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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 2012

Kristie Fairley :: **Coming Up in 2012**
Kristie Fairley :: **One-of-a-kind Finds**
Latoya Norman :: **Black History Month**
Charles J. Brown :: **Black History Month**

FEBRUARY

Krissy Hamilton :: **A Family Affair**
Jennifer Davis :: **Coca-Cola Classic Rodeo**
Adam Evans :: **Click presents Casablanca**
Ellen Ruffin :: **Curious George Day in Downtown**

MARCH

Rosie Ricks :: **Branson on the Road**
Rosie Ricks :: **The Wizard of Oz**
Catherine Lott :: **HUBFEST**
Kristie Fairley :: **Spring Events**
Ellen Ruffin :: **Secret World of Walter Anderson**

APRIL

Sarah Newton :: **Live @ Five**
Betsy Rowell :: **Art Walk**
Anita Wright :: **What's new at the Zoo**
Mike Lopinto :: **HCLC presents The Producers**

MAY

Kristie Fairley :: **National Tourism Week**
Matt Martin :: **ZooBlues**

Ted Tibbett :: **Honoring Korean War Veterans**
Barbara Watts :: **Annual Daylily Show**

JUNE

Obra Quave :: **Carey Dinner Theatre**
Mike Lopinto :: **FestivalSouth**
Rick Taylor :: **Touch Africa Petting Zoo**
Anita Wright :: **Missoula Children's Theatre**

JULY

Chad Daniels :: **MS Armed Forces Museum**
Obra Quave :: **Carey Dinner Theatre**
Betsy Rowell :: **Midsummer's Daydream**
Ann Claire Reynolds :: **2011 Miss Hospitality**

AUGUST

Petch Lucas :: **HCLC's The Marvelous Wonderettes**
Chandler Llana :: **2012 Miss Hospitality**
Kristie Fairley :: **Free Things To Do**

Kristie Fairley :: **Great Southern Stampede**
Anita Wright :: **Corey Smith Concert**

SEPTEMBER

Ronnie McDowell :: **Ronnie McDowell Concert**
Brenda Hesselgrave :: **Oktoberfest**
Martha Ginn :: **Pine Belt Quilter's Quilt Show**
Betsy Rowell :: **All Aboard Art Exhibit**

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

Specialized services provide hospitality and support to groups visiting Hattiesburg

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

convention, sporting event or reunion.

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

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

2011 Conference Highlight

Name of Group

Mississippi Civil Defense / Emergency Management Association

Name of Conference

MCDEMA Mid-Winter Conference

Dates of Conference

November 14-16, 2011

Number of Attendees

200

Description of Group

MCDEMA represents members who make up the professional emergency management community of Mississippi. The purpose of the Association is to advance emergency management through education, increased public awareness, and professional development. The group promotes the exchange of programs, ideas and best practices in the profession.

Meetings Profile / Quick Facts

October 2011 – September 2012

Number of groups served: 146

Number of attendees served:

More than 17,000

Number of Conventions served: Over 35

Number of welcome bags supplied: 11,743

Number of group sales promotional events:

More than 10 including stops in Jackson, Memphis, Chattanooga, Biloxi, Meridian and Tunica

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

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

2012 Conference Highlight

Name of Group

Gulf Civic Summit

Name of Conference

Gulf Civic Summit on Service Learning National Conference

Dates of Conference

March 21-24, 2012

Number of Attendees

More than 400

Description of Group

The Gulf Civic Summit promotes the understanding and use of community service in college classes as a means of teaching course content. More than 400 members from over 30 states participate in this national Summit, and membership is comprised of university professors and community leaders from across the United States. The organization

focuses on the concept that this type of education not only prepares students for productive careers, but enables them to live lives of dignity and purpose.



Meridian Sales Calls • Nov 10
MSAE Lunch & Learn • Nov 16
Lauderdale Co. Welcome Center Blitz • Dec 12
Visitors Center Christmas Open House • Dec 14
Tourism Partners Roundtable • Dec 20

2012

MSAE Lunch & Learn • Jan 18
BankTravel Conference • Feb 7-9
Tourism Partners Roundtable • Feb 16
MSAE Lunch & Learn • Mar 21
River Region Welcome Center Blitz • Mar 26-27
MSAE Meeting • Apr 19
Tourism Partners Roundtable • Apr 21
MSAE Mid-Year Conference • Apr 29 - May 1
Media FAM Tour • May 5

National Tourism Week • May 7-11
Tourism Partners Luncheon • May 8
Community Day at the Visitors Center • May 11
MSAE Lunch & Learn • May 16
Reunion Friendly Network Conference • May 21-22
MS Picnic • June 9
FestivalSouth • June 9-23
Hotel Sales Calls • July 2
Midsummer's Daydream Concerts • July 11-Aug 24
MSAE Lunch & Learn • July 18
Mississippi Miss Hospitality Pageant • July 27-28
Coastal Welcome Center Blitz • Aug 17
Tourism Partners Roundtable • Aug 23
ESTO Conference • Aug 26-28
Jackson Sales Blitz • Sep 11-12
Governor's Conference on Tourism • Sep 24

Evolution of Hattiesburg's Tourism Industry

- 1990 • State legislature creates HCVB
- 1991 • Timberton Golf Club opens
- 1994 • Golf Package Marketing begins
- 1995 • Tatum Park softball/soccer complex opens
- 1996 • International Olympic Teams train in Hattiesburg
Hattiesburg Library opens
Hattiesburg Zoo begins five-year development plan
- 1997 • HTC recruits the Mississippi Miss Hospitality Pageant
- 1998 • Lake Terrace Convention Center opens
Canebrake Golf Course opens
Timberton Golf Club opens nine new holes
- 2000 • Longleaf Trace recreational trail opens
HHDA receives revitalization plan
Historic Saenger Theater re-opens
- 2001 • Shadow Ridge Golf Club opens
Armed Forces Museum opens
HHDA hosts Art Walk
- 2002 • Hattiesburg's First National Tourism Week Campaign
Inaugural Tourism Summit
Walnut Street Development in Historic Downtown begins
- 2003 • City of Hattiesburg purchases trolleys for tourism
Tatum Park sports complex expansion begins
Freedom Summer Trail unveiled
HTC unveils new Hattiesburg BrandPrint™
- 2004 • Hattiesburg Visitors Center opens
Mississippi Tourism Association honors HTC with Excellence in Tourism Award / Outstanding CVB
Travel & Tourism Research Association honors HTC with Research-In-Action Award
Southeast Tourism Society honors HTC with Shining Example Award / CVB of the Year
Visitors to Hattiesburg spend \$150 million
- 2005 • Hospitality Sales and Marketing Association International honors HTC with three awards for "Hattie" BrandPrint™
HTC joins Hattiesburg Hotel and Lodging Association in raising \$25,000 in Tourism Hurricane Recovery Funds
Hattiesburg Historic Downtown Association honors HTC with 2005 Philanthropy Award for Hurricane Assistance
Visitors to Hattiesburg spend \$160 million
- 2006 • Mississippi Tourism Hall of Fame inducts HCVB Director, Rick Taylor
Inaugural Mobile Street Renaissance Festival
Visitors to Hattiesburg spend \$171 million
- 2007 • HTC awarded \$2 million HUD advertising grant
Hattiesburg's Historic Train Depot re-opens
Thad Cochran Center at Southern Miss opens
HTC changes operating name to VISITHATTIESBURG™
Hotel inventory grows to more than 2,500 rooms
Visitors to Hattiesburg spend \$211 million
- 2008 • Blues Trail Marker unveiled on Historic Mobile Street
Downtown hosts the first "Live @ Five" Concert Series
Visitors to Hattiesburg spend \$227 million
- 2009 • VH hosts Governor's Conference on Tourism
City of Hattiesburg hosts 125th Celebration
Visitors Center celebrates 5th year
Miss Hospitality celebrates 60 years
African-American Military History Museum opens
The Bakery @ Buschman development opens
Saenger Theater celebrates 80 years
Downtown completes phase one of street light project
Visitors to Hattiesburg spend \$234 million
- 2010 • Blues Trail Marker unveiled at Hi-Hat Club location
Freedom Summer Trail Audio Tour unveiled
VH hosts Heritage Day
Inaugural Festival South
Tourism & Convention Commissions partner to manage Hattiesburg Zoo
VH hosts Tradition/Innovation art exhibit
Visitors to Hattiesburg spend \$241 million
- 2011 • USO museum hosts Jessie Brown Exhibit
Hattiesburg Flag Plaza opens
VH and HHDA partner to host New Harmonies art exhibit
Visitors to Hattiesburg spend \$225 million
- 2012 • Hattie mural unveiled at the Visitors Center
NTW campaign receives Research-In-Action Award
Visitors to Hattiesburg spend \$233 million

Stay with friends

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

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 and 2011

HATTIESBURG TOURISM COMMISSION
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2012 and 2011

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American Institute of
Certified Public Accountants

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Mississippi Society of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

January 22, 2013

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, 2012 and 2011, 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.

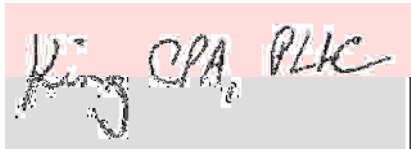
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hattiesburg Tourism Commission, as of September 30, 2012 and 2011, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America and the standards applicable for financial audits contained in *Government Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2013, 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 22, 2013
Page 2

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

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

A rectangular stamp with a light red top half and a light grey bottom half. The top half contains the handwritten text "King CPA, PLLC" in black ink. The bottom half is mostly blank with some faint lines.

KING CPA, PLLC
Petal, Mississippi

HATTIESBURG TOURISM COMMISSION

FINANCIAL STATEMENTS

EXHIBIT A

HATTIESBURG TOURISM COMMISSION
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2012 AND 2011

| | Governmental Activities | |
|--------------------------------------------------|--------------------------------|-------------------|
| | <u>2012</u> | <u>2011</u> |
| ASSETS: | | |
| Cash and cash equivalents | \$ 115,209 | \$ 135,313 |
| Investments | 411,954 | 411,308 |
| Accounts receivable | - | 2,055 |
| Due from other governments | 79,674 | 53,248 |
| Inventory | 7,700 | 9,341 |
| Fixed assets, net | 1,676 | 2,808 |
| TOTAL ASSETS | \$ 616,213 | \$ 614,074 |
| LIABILITIES & NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable | \$ 16,425 | \$ 34,690 |
| Accrued payroll | 7,185 | 6,020 |
| Accrued Compensated Absences | 30,420 | 14,583 |
| Total liabilities | 54,030 | 55,292 |
| Net Assets: | | |
| Invested in capital assets (net of related debt) | 1,676 | 2,808 |
| Restricted for: | | |
| Expendable: | | |
| Unemployment | 1,037 | 1,035 |
| Unrestricted | 559,470 | 554,939 |
| TOTAL NET ASSETS | \$ 562,183 | \$ 558,782 |

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, 2012 AND 2011

| | Governmental Activities | |
|---------------------------------------------|--------------------------------|----------------|
| | 2012 | 2011 |
| FUNCTION/PROGRAM EXPENSES: | | |
| Tourism Promotion | | |
| Payroll expense | \$ 413,751 | \$ 421,287 |
| Advertising and promotion | 200,737 | 194,816 |
| Operational costs | 63,876 | 65,692 |
| Depreciation and related asset charges | 1,132 | 10,785 |
| Event Sponsorship | | |
| MS Miss Hospitality | 68,866 | 59,156 |
| Entity Management | | |
| Hattiesburg Zoo | 338,059 | 454,362 |
| LTCC | 34,724 | 18,766 |
| Total Function/Program Expenses | 1,121,145 | 1,224,863 |
| PROGRAM REVENUES: | | |
| Charges for Services | | |
| Gift Shop sales | 8,968 | 12,027 |
| MS Miss Hospitality | 86,294 | 71,382 |
| Other receipts | 846 | 5,332 |
| Operating Grants and Contributions | | |
| Mississippi Development Authority | 5,000 | 5,000 |
| LTCC Contribution | 194,586 | 183,835 |
| Hattiesburg Zoo Contribution | 338,059 | 452,728 |
| Total Program Revenue | 633,754 | 730,304 |
| NET PROGRAM EXPENSE | (487,391) | (494,560) |
| GENERAL REVENUES: | | |
| Special sales tax | 483,257 | 429,190 |
| Interest income | 1,973 | 4,799 |
| Total General Revenues | 485,230 | 433,989 |
| Increase(Decrease) in net assets | (2,160) | (60,570) |
| NET ASSETS - Beginning of Year | 558,782 | 619,351 |
| Prior Period Adjustment | 5,562 | - |
| NET ASSETS - End of Year | \$ 562,183 | \$ 558,782 |

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

EXHIBIT C

HATTIESBURG TOURISM COMMISSION
BALANCE SHEETS – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012 AND 2011

| | General Fund | |
|-------------------------------------------|---------------------|--------------------|
| | <u>2012</u> | <u>2011</u> |
| ASSETS: | | |
| Cash and cash equivalents | \$ 115,209 | \$ 135,313 |
| Investments | 411,954 | 411,308 |
| Accounts receivable | - | 2,055 |
| Due from other governments | 79,674 | 53,248 |
| Inventory | 7,700 | 9,341 |
| Total Assets | \$ 614,537 | \$ 611,266 |
| LIABILITIES | | |
| Liabilities: | | |
| Accounts payable | \$ 16,425 | \$ 34,690 |
| Accrued payroll | 7,185 | 6,020 |
| Accrued Compensated Absenses | 30,420 | 14,583 |
| Total Liabilities | 54,030 | 55,292 |
| Fund Balances: | | |
| Non-Spendable: | | |
| Inventory | 7,700 | 9,341 |
| Restricted: | | |
| Unemployment | 1,037 | 1,035 |
| Assigned: | | |
| Arts coalition | 50,000 | 50,000 |
| Zoo special project | 70,000 | 70,000 |
| Unassigned: | | |
| General Fund | 431,770 | 425,597 |
| Total Fund Balance | 560,506 | 555,974 |
| Total Liabilities and Fund Balance | \$ 614,537 | \$ 611,266 |

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, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Total Fund Balance-Governmental Funds (Exhibit C) | \$ 560,506 | \$ 555,974 |
| <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>(98,303)</u> | <u>(97,171)</u> |
| | | |
| Total Net Assets-Governmental Activities (Exhibit A) | <u>\$ 562,183</u> | <u>\$ 558,782</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, 2012 AND 2011

| | General Fund | |
|------------------------------------|---------------------|-------------|
| | 2012 | 2011 |
| REVENUES | | |
| Special sales tax | \$ 483,257 | \$ 429,190 |
| Interest income | 1,973 | 4,799 |
| Charges for services | 96,109 | 88,741 |
| Operating grants and contributions | 537,645 | 641,563 |
| Total Revenues | 1,118,984 | 1,164,293 |
| EXPENDITURES | | |
| Tourism Promotion | | |
| Payroll expense | 413,751 | 421,287 |
| Advertising and promotion | 200,737 | 194,816 |
| Operational costs | 63,876 | 65,692 |
| Event Sponsorship | | |
| MS Miss Hospitality pageant | 68,866 | 59,156 |
| Entity Management | | |
| Hattiesburg Zoo | 338,059 | 454,362 |
| LTCC | 34,724 | 18,766 |
| Total Expenditures | 1,120,013 | 1,214,079 |
| Net Change in Fund Balance | (1,028) | (49,785) |
| FUND BALANCE, BEGINNING | 555,974 | 605,758 |
| PRIOR PERIOD ADJUSTMENT | 5,562 | - |
| FUND BALANCE, ENDING | \$ 560,506 | \$ 555,974 |

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, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Net Change in fund balances-governmental funds (Exhibit D) | \$ (1,028) | \$ (49,785) |
| <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> | (1,132) | (10,785) |
| Change in net assets of governmental activities (Exhibit B) | \$ (2,160) | \$ (60,570) |

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

HATTIESBURG TOURISM COMMISSION

NOTES TO FINANCIAL STATEMENTS

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

Under the provisions of Senate Bill No. 3124, the Hattiesburg Tourism Commission shall consist of seven members appointed by the mayor and ratified by the city council. A special 2% sales tax shall be levied upon the gross proceeds from hotel and motel overnight room rental, exclusive of charges for food, telephone, laundry, beverages and similar changes; and provide that such tax be paid to the state tax commission.

B. BASIS OF PRESENTATION

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

Government-wide financial statements:

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

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued):

Fund financial statements:

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

The Commission reports the following major governmental funds:

GENERAL FUND – The General Fund is the sole operating fund of the Commission. It is used to account for all financial resources, except those required to be accounted for in another fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in governmental funds to be available if the revenues are collected within thirty (30) days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

HATTIESBURG TOURISM COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETS AND BUDGETARY ACCOUNTING

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

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

E. COMPENSATED ABSENCES

Commission employees are entitled to certain compensated absences based upon their length of employment. Vacation leave is accrued on a monthly basis. A waiting period of six months must be completed before vacation time can be used. After that, employees can request use of earned vacation time including that accrued during the waiting period. Unused vacation time can be accumulated and rolled over into the new year. Upon resignation or termination of employment, each employee shall be paid for unused vacation time that has been accrued through the last day of work up to 30 days. All unused vacation time remaining above 30 days will be certified to PERS. There is no limit to accumulation of sick leave days. However, unused sick leave days will not be paid to employees while they are employed or upon termination of employment but may be credited toward retirement service.

F. USE OF ESTIMATES

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

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

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

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, 2012, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$526,763 (which includes investments in the amount of \$411,953.70) and the bank balance was \$551,598. As of September 30, 2011, the carrying amount of Hattiesburg Tourism Commission's deposits with financial institutions was \$546,221 (which includes investments in the amount of \$411,308.12) and the bank balance was \$560,133.

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, 2012, 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. Inventory is valued using the cost method.

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:

| | 9/30/2011 | Additions | Disposals | 9/30/2012 |
|------------------------------|---------------------|------------------|-----------|---------------------|
| Equipment | \$ 24,797 | \$ - | \$ - | \$ 24,797 |
| Furniture | <u>75,182</u> | - | - | <u>75,182</u> |
| | <u>99,979</u> | - | - | <u>99,979</u> |
| Accumulated Depreciation | <u>97,171</u> | <u>1,132</u> | - | <u>98,303</u> |
| Net Fixed Assets | <u>\$ 2,808</u> | | | <u>\$ 1,676</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 14.26% 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, 2012 and 2011 were \$72,354 and \$77,092, 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:

| LTCC: | | |
|-----------------------------------|-------------|------------|
| Revenues from: | Description | Amount |
| Management contract | | \$ 180,000 |
| Reimbursements for HCC activities | | \$ 14,586 |
| <u>Expenditures to:</u> | | |
| Administrative services | | \$ 10,436 |
| Marketing | | \$ 9,703 |
| HCC activities | | \$ 14,586 |

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:

| <u>Zoo:</u> | | |
|-------------------------|-------------------------|------------------|
| <u>Revenues from:</u> | <u>Description</u> | <u>Amount</u> |
| | Personnel reimbursement | \$ 322,060 |
| | Other Receivable - Zoo | <u>\$ 15,999</u> |
| | | \$ 338,059 |
| <u>Expenditures to:</u> | | |
| | Personnel costs | \$ 338,059 |
| | Difference | \$ (0) |

NOTE 7 –PRIOR PERIOD ADJUSTMENT

The prior period adjustment is a result of payroll expenses being overstated at October 1, 2010, and understated (in relation to accrued compensated absences) at September 30, 2011, with a net effect of \$5,562.

NOTE 8 –SUBSEQUENT EVENTS

Management of the Commission has evaluated subsequent events as of January 22, 2013, which is the date the financial statements were available to be used. There are no significant subsequent events to report as of this date.

HATTIESBURG TOURISM COMMISSION

SUPPLEMENTAL INFORMATION

SCHEDULE-1

**HATTIESBURG TOURISM COMMISSION
BUDGETARY COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

SCHEDULE 1A

| | Final Budget | Actual (non-GAAP Basis) | Variances Positive (Negative) |
|-----------------------------|---------------------|----------------------------|----------------------------------|
| REVENUES | | | |
| 2% Bed Tax | \$ 450,000 | \$ 472,831 | \$ 22,831 |
| Zoo Personnel Reimbursement | 398,886 | 322,060 | \$ (76,826) |
| CC Contract | 180,000 | 180,000 | |
| Program Revenue | 65,000 | 92,080 | 27,080 |
| Interest, Refunds, Misc | 4,200 | 2,031 | (2,169) |
| Logo Shop Sales | 12,000 | 8,968 | (3,032) |
| TOTAL REVENUES | <u>\$ 1,110,086</u> | <u>\$ 1,077,971</u> | <u>\$ (32,115)</u> |
| EXPENDITURES | | | |
| Capital Expenditures | \$ 3,000 | \$ - | \$ 3,000 |
| Gift Shop Resale Items | 12,000 | 3,309 | 8,691 |
| Marketing | 256,524 | 280,491 | (23,967) |
| Office Operations | 66,860 | 63,612 | 3,248 |
| Payroll-including Zoo | 803,647 | 749,704 | 53,943 |
| TOTAL EXPENDITURES | <u>1,142,031</u> | <u>1,097,115</u> | <u>44,916</u> |
| NET EXCESS (DEFICIT) | <u>\$ (31,945)</u> | <u>\$ (19,143)</u> | <u>\$ 12,801</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

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Mississippi Society of Certified
Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 22, 2013

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, 2012 and 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 22, 2013. 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

Management of the Hattiesburg Tourism Commission is responsible for establishing and maintaining effective 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.

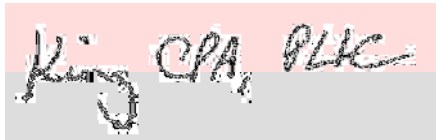
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, board of directors, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be 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 on a white background with a light pink horizontal band behind it.

KING CPA, PLLC
Petal, Mississippi