

EXECUTIVE DIGEST

MICHIGAN STATE FAIR AND EXPOSITION CENTER

INTRODUCTION

This report contains the results of our financial audit* of the Michigan State Fair and Exposition Center (MSFEC), Department of Agriculture, for the period October 1, 1999 through September 30, 2000.

AUDIT PURPOSE

This financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial audits are conducted at various intervals to provide for enhanced financial reporting of significant State programs and/or activities and to complement the annual audit of the State's financial statements.

BACKGROUND

Act 361, P.A. 1978 (Sections 285.161 - 285.176 of the *Michigan Compiled Laws*), created MSFEC within the Department of Natural Resources. Executive Order No. 1993-25 transferred MSFEC to the Department of Commerce, effective February 1994. Executive Order No. 1997-13 transferred MSFEC from the Department of Consumer and Industry Services (formed by the merger in May 1996 of the Departments of Commerce and Labor) to the Department of Agriculture, effective October 1997. The Department of Agriculture has the responsibility of conducting an annual Michigan State Fair and other exhibits or events for the purpose of promoting all phases

of the economy of the State. The fairgrounds consist of approximately 200 acres located in Detroit. MSFEC operations are accounted for in the General Fund. MSFEC also leases the fairgrounds and buildings for various events throughout the year.

The 2000 Michigan State Fair was held from August 22, 2000 through September 4, 2000. The Fair's reported paid attendance was 373,418. During the Fair, MSFEC had 20 full-time and 58 temporary employees.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess and report on MSFEC's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial schedules, and on its internal control* over financial reporting, based on our audit of the financial schedules.

Conclusion: Our assessment of compliance did not disclose any instances of noncompliance that could have a direct and material effect on the financial schedules. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses*. However, we identified reportable conditions* related to competitive award of contracts, cash handling, and classification of revenue and expenditures (Findings 1 through 3).

Audit Objective: To audit MSFEC's financial schedules for the fiscal year ended September 30, 2000.

Conclusion: We expressed an unqualified opinion* on MSFEC's financial schedules. In addition, we expressed an unqualified opinion on MSFEC's supplemental financial schedules in relation to the financial schedules taken as a whole.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Michigan State Fair and Exposition Center for the period October 1, 1999 through September 30, 2000. Our audit was conducted 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 and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our report includes 3 findings and 4 corresponding recommendations. MSFEC's preliminary response indicated that it agrees with all 3 findings.

MSFEC complied with 1 of the 3 prior audit recommendations included within the scope of our current audit. We repeated 1 prior audit recommendation in this report, and 1 recommendation was no longer applicable.