

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 Consumer and Industry Services (DCIS), for the period October 1, 1995 through September 30, 1996.

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 permit the Auditor General to express an opinion on 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 1993-25 transferred MSFEC to the Department of Commerce effective February 1994. The Department of Commerce was combined with the Department of Labor to form DCIS effective May 15, 1996. DCIS has the responsibility for conducting an annual 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 Michigan State Fair

Revolving Fund (MSFRF). MSFEC also leases the fairgrounds and buildings for various events throughout the year.

The 1996 Fair was held August 20 through September 2. The Fair's reported paid attendance was 332,660. During the Fair, MSFEC had 17 full-time, 1 intermittent, and 38 temporary employees.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess the adequacy of MSFEC's internal control structure*.

Conclusion: Our assessment of MSFEC's internal control structure did not disclose any material weaknesses*. However, we noted a reportable condition* related to the lack of supporting documentation for non-Fair events revenue (Finding 1).

Audit Objective: To assess MSFEC's compliance with applicable laws and regulations that could have a material effect on MSFRF's schedule of revenues, expenses, and operating transfers.

Conclusion: Our assessment of compliance with applicable laws and regulations did not disclose any instances of noncompliance that could have a material effect on MSFRF's schedule of revenues, expenses, and operating transfers. We do not have any findings to report for this objective.

Audit Objective: To audit MSFRF's schedule of revenues, expenses, and operating transfers for the fiscal year ended September 30, 1996.

Conclusion: We expressed an unqualified opinion on MSFRF's schedule of revenues, expenses, and operating transfers. We do not have any findings to report for this objective.

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, 1995 through September 30, 1996. Our audit was conducted in accordance with generally accepted auditing standards and *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

Our report contains one finding and two recommendations. MSFEC indicated that it agreed with both recommendations and has either complied with or has taken steps to comply with the recommendations.