

PERFORMANCE AND FINANCIAL AUDIT  
OF THE  
MICHIGAN STATE FAIR AND EXPOSITION CENTER  
DEPARTMENT OF AGRICULTURE  
October 1, 1998 through September 30, 1999

## EXECUTIVE DIGEST

# MICHIGAN STATE FAIR AND EXPOSITION CENTER

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INTRODUCTION	This report contains the results of our performance* and financial* audit of the Michigan State Fair and Exposition Center (MSFEC), Department of Agriculture. The financial portion of our audit covered the period October 1, 1998 through September 30, 1999.
AUDIT PURPOSE	This performance and financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. 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 <i>Michigan Compiled Laws</i> ), 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.

\* See glossary at end of report for definition.

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 has leased the fairgrounds and buildings for various events throughout the year. MSFEC operations are accounted for in the General Fund.

The 1999 Michigan State Fair was held August 24, 1999 through September 6, 1999. The Fair's reported paid attendance was 381,612. During the Fair, MSFEC had 24 full-time and 88 temporary employees.

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AUDIT OBJECTIVES  
AND CONCLUSIONS

**Audit Objective:** To assess the effectiveness of MSFEC's efforts to ensure that non-Michigan State Fair events were self-supporting.

**Conclusion:** We concluded that MSFEC's efforts to ensure that non-Michigan State Fair events were self-supporting were reasonably effective.

**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

\* See glossary at end of report for definition.

**weaknesses\***. However, we identified reportable conditions\* related to preprinted tickets, competitive bids, contract monitoring, and entertainment cost (Findings 1 through 4).

**Audit Objective:** To audit MSFEC's financial schedules for the fiscal year ended September 30, 1999.

**Conclusion: We expressed an unqualified opinion on MSFEC's financial schedules.**

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AUDIT SCOPE AND  
METHODOLOGY

Our audit scope was to examine the financial and other records of the Michigan State Fair and Exposition Center for the period October 1, 1998 through September 30, 1999. Our audit was conducted in accordance with generally accepted auditing standards 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.

Our audit methodology included examination of MSFEC's financial schedules and other records covering the period October 1998 through September 1999.

We performed a preliminary review of MSFEC's operations. This included discussions with various MSFEC staff and contractual service providers regarding their functions and responsibilities, tests of financial records, and a review of the Michigan State Fair regulations. Also, we obtained and reviewed contracts for compliance with the State's policies and procedures. We analyzed the contracts, the revenue earned, and the costs associated with non-Michigan State Fair events.

\* See glossary at end of report for definition.

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**AGENCY RESPONSES**

Our audit report contains 4 findings and 4 corresponding recommendations. The Department's preliminary response indicated that it agreed with all the findings and will comply with the recommendations related to Findings 1 and 2.

February 14, 2001

Mr. Jordan B. Tatter, Chairperson  
Commission of Agriculture  
and  
Mr. Dan Wyant, Director  
Department of Agriculture  
Ottawa Building  
Lansing, Michigan

Dear Mr. Tatter and Mr. Wyant:

This is our report on the performance and financial audit of the Michigan State Fair and Exposition Center, Department of Agriculture. The financial portion of our audit covered the period October 1, 1998 through September 30, 1999.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and independent auditor's reports on compliance and on internal control over financial reporting and on the financial schedules. This report also contains the Michigan State Fair and Exposition Center's financial schedules and notes to the financial schedules; supplemental financial schedules, and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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## Description of Agency

Act 361, P.A. 1978 (Sections 285.161 - 285.176 of the *Michigan Compiled Laws*), created the Michigan State Fair and Exposition Center (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. MSFEC has leased the fairgrounds and buildings for various events throughout the year. The fairgrounds consist of approximately 200 acres located in Detroit. MSFEC operations are accounted for in the General Fund.

The 1999 Michigan State Fair was held August 24, 1999 through September 6, 1999. The Fair's reported paid attendance was 381,612. During the Fair, MSFEC had 24 full-time and 88 temporary employees.

## Audit Objectives, Scope, and Methodology and Agency Responses

### Audit Objectives

Our performance and financial audit of the Michigan State Fair and Exposition Center (MSFEC), Department of Agriculture, had the following objectives:

1. To assess the effectiveness of MSFEC's efforts to ensure that non-Michigan State Fair events were self-supporting.
2. 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.
3. To audit MSFEC's financial schedules for the fiscal year ended September 30, 1999.

### 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, 1998 through September 30, 1999.

Our audit was conducted in accordance with generally accepted auditing standards 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.

### Audit Methodology

Our audit procedures, conducted from September 1999 through September 2000, included examination of MSFEC's financial schedules and other records covering the period October 1998 through September 1999.

We performed a preliminary review of MSFEC's operations. This included discussions with various MSFEC staff and contractual service providers regarding their functions and responsibilities, tests of financial records, and a review of the Michigan State Fair regulations. Also, we obtained and reviewed contracts for compliance with the State's

policies and procedures. We analyzed the contracts, the revenue earned, and the costs associated with non-Michigan State Fair events.

### Agency Responses

Our audit report contains 4 findings and 4 corresponding recommendations. The Department's preliminary response indicated that it agreed with all the findings and will comply with the recommendations related to Findings 1 and 2.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require the Department of Agriculture to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

# COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

## NON-MICHIGAN STATE FAIR EVENTS

### COMMENT

**Audit Objective:** To assess the effectiveness of the Michigan State Fair and Exposition Center's (MSFEC's) efforts to ensure that non-Michigan State Fair events were self-supporting.

**Conclusion:** We concluded that MSFEC's efforts to ensure that non-Michigan State Fair events were self-supporting were reasonably effective.

## COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

### COMMENT

**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 preprinted tickets, competitive bids, contract monitoring, and entertainment cost.

### FINDING

#### 1. Preprinted Tickets

MSFEC had not established appropriate control and accountability over preprinted tickets.

MSFEC utilized automated ticket machines at most sales locations. However, at certain sales locations, MSFEC used preprinted tickets because it was not practical to place automated ticket machines at some Michigan State Fair gates. During the 14 days of the Fair, MSFEC printed tickets worth \$193,977 for use at these gates. However, our comparison of preprinted tickets to actual ticket sales disclosed that preprinted tickets worth \$19,071 were not accounted for.

Appropriate cash handling controls should provide assurance that cash was collected for every ticket printed. The controls should also provide the capability to fix individual responsibility for any discrepancies detected.

Because of the severity of MSFEC's lack of accountability for preprinted tickets, it was impossible to determine whether all cash that MSFEC should have collected and deposited for gate and concert admissions was collected and deposited.

### **RECOMMENDATION**

We recommend that MSFEC establish appropriate control and accountability over preprinted tickets.

### **AGENCY PRELIMINARY RESPONSE**

MSFEC agreed with the finding and will comply with the recommendation by employing a management service to manage the ticket sales for the Michigan State Fair. Also, MSFEC will reconcile all preprinted requests/sales and daily ticket sales reports and will maintain the necessary documentation.

### **FINDING**

#### **2. Competitive Bids**

MSFEC did not have effective controls to ensure that all contracted services were competitively bid.

*Michigan Administrative Code R 291.312* states that letters of invitation to bid for contractual services shall be sent to at least 3 firms. Also, sound business practices dictate that, each time a material contract is extended, there should be documentation explaining why the contract was not competitively bid.

Using the competitive bid process, MSFEC initially awarded a two-year time-and-materials\* maintenance contract to the current contractor in September 1994. MSFEC extended this maintenance contract without the benefit of competitive bidding in November 1996, August 1997, and October 1997. MSFEC negotiated and awarded a two-year maintenance contract to the same provider in October 1998 with a contract price of \$495,000 per year. We were informed by MSFEC that the \$495,000-per-year contract that was awarded in October 1998 was not competitively bid because MSFEC was satisfied with the service provided by its current contractor.

Competitive bidding helps provide assurance that the State gets the best value for products and services and that the business community has a fair and equal opportunity to do business with the State.

### **RECOMMENDATION**

We recommend that the MSFEC implement effective controls to ensure that all contracted services are competitively bid.

### **AGENCY PRELIMINARY RESPONSE**

MSFEC agreed with the finding and will comply with the recommendation by establishing controls before the 2001 Michigan State Fair, which will require departmental review of the bid process, or justification for sole source before a contract can be authorized.

### **FINDING**

#### **3. Contract Monitoring**

MSFEC did not document whether its maintenance contract was carried out under the day-to-day review of the State project manager as required.

Department of Management and Budget Administrative Guide procedure 0510.08 states that successful completion of a contract requires monitoring. Contract monitoring ensures that expectations associated with projects or services are fulfilled in a responsible fashion and should uncover difficulties which could lead to unsatisfactory service.

\* See glossary at end of report for definition.

The maintenance contractor submitted invoices to MSFEC for maintenance services. The invoices provided detailed lists of hours worked by the contracted maintenance staff, equipment usage, supplies, and materials, but the invoices did not document projects completed or services provided. For fiscal year 1998-99, MSFEC paid the maintenance contractor approximately \$582,841 for services provided, which was based solely on invoices submitted. We were informed by the project manager that he verbally advised the maintenance staff on projects to be completed and verified daily that the assigned projects were completed by observation. However, MSFEC could not provide documentation to support this claim.

Written documentation of maintenance providers' activities on a daily, weekly, or monthly basis helps provide assurance regarding the propriety and accuracy of the billings and that the interests of the State are protected.

### **RECOMMENDATION**

We recommend that MSFEC document that its maintenance contract is carried out under the day-to-day review of the State project manager as required.

### **AGENCY PRELIMINARY RESPONSE**

MSFEC agreed with the finding; however, effective October 1, 2000, the State of Michigan entered into a lease with the State Fair Development Group. As a condition of the agreement, the Group will be responsible for the routine maintenance of the Fair property. MSFEC will no longer enter into a contract for this service.

### **FINDING**

#### **4. Entertainment Cost**

MSFEC did not perform a cost/benefit analysis of concert attendance and paid admissions for the annual Michigan State Fair.

Sound business practices dictate that MSFEC analyze the profitability of spending large dollar amounts on entertainment. In addition, documenting concert attendance is useful to the decision-making process in planning entertainment for future Fairs.

MSFEC expended \$1,044,642 (16% of total expenditures) for entertainment for the 1999 Michigan State Fair. The \$9 general admission ticket to the fairgrounds also allowed entry to the bandshell entertainment center. Additionally, MSFEC patrons could purchase gold reserve seating that included selected front row seats for \$10 or \$16 per seat depending on the entertainer.

Our analysis of the 1999 Michigan State Fair cost for headliner entertainers as compared with the revenue generated by gold reserve seating indicated that MSFEC expended approximately \$535,280 more for its entertainers than it collected in gold reserve seating revenue. Because MSFEC did not take attendance at its concerts, MSFEC could not determine the number of people who paid general admission and also attended its concerts.

MSFEC informed us that, although its limited seating capacity will not fully support its entertainment cost, purchasing high quality, big name stars is necessary to compete with other entertainment venues. Also, offering high quality entertainment provides sponsors, particularly radio and television stations, with promotional value to increase Fair attendance.

Analyzing and documenting the relationship between headliner entertainment and paid attendance is useful in determining the extent to which headliner entertainment is beneficial to the Fair.

## **RECOMMENDATION**

We recommend that MSFEC perform a cost/benefit analysis of concert attendance and paid admissions for its annual Michigan State Fair.

## **AGENCY PRELIMINARY RESPONSE**

MSFEC agreed with the finding but does not plan to implement the recommendation. The priority seating (paid admissions) revenue is easily obtained from the paid ticket sales. The admission of Fair patrons to the general seating area would be very difficult to monitor because of the design of the seating area and the continuous movement of the audience throughout the concert.

The purpose of charging for priority seating is to help partially defray the cost of quality entertainment. Because the entertainment varies significantly between years, we feel that cost/benefit comparisons would not be very meaningful. The

value of the entertainment is intangible for the reasons noted by the auditors and stated above.

## **FINANCIAL ACCOUNTING AND REPORTING**

### **COMMENT**

**Audit Objective:** To audit MSFEC's financial schedules for the fiscal year ended September 30, 1999.

**Conclusion:** We expressed an unqualified opinion on MSFEC's financial schedules.

Independent Auditor's Report on Compliance and  
on Internal Control Over Financial Reporting

August 31, 2000

Mr. James E. Maitland, Chairperson  
Commission of Agriculture  
and  
Mr. Dan Wyant, Director  
Department of Agriculture  
Ottawa Building  
Lansing, Michigan

Dear Mr. Maitland and Mr. Wyant:

We have audited the General Fund financial schedules of the Michigan State Fair and Exposition Center, Department of Agriculture, for the fiscal year ended September 30, 1999 and have issued our report thereon dated August 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Michigan State Fair and Exposition Center's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial schedule 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Michigan State Fair and Exposition Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on the internal control over financial reporting.

However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Michigan State Fair and Exposition Center's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedules. Reportable conditions are described in Findings 1 through 4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described in the previous paragraph is a material weakness.

This report is intended solely for the information and use of the Commission of Agriculture, the State's management, and the Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

Independent Auditor's Report on  
the Financial Schedules

August 31, 2000

Mr. James E. Maitland, Chairperson  
Commission of Agriculture  
and  
Mr. Dan Wyant, Director  
Department of Agriculture  
Ottawa Building  
Lansing, Michigan

Dear Mr. Maitland and Mr. Wyant:

We have audited the accompanying schedule of General Fund revenue and the schedule of sources and disposition of General Fund authorizations of the Michigan State Fair and Exposition Center, Department of Agriculture, for the fiscal year ended September 30, 1999. These financial schedules are the responsibility of the Michigan State Fair and Exposition Center's management and the Department's management. Our responsibility is to express an opinion on these financial schedules based on our audit. The financial transactions of the Michigan State Fair and Exposition Center are accounted for in the General Fund of the State of Michigan.

We conducted our audit in accordance with generally accepted auditing standards 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 schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b, the accompanying financial schedules include only the revenue and the sources and disposition of authorizations for the Michigan State Fair and Exposition Center's General Fund accounts, presented on the modified accrual

basis of accounting. Accordingly, these financial schedules are not intended to constitute a complete financial presentation of either the Michigan State Fair and Exposition Center or the State's General Fund in accordance with generally accepted accounting principles.

In our opinion, the financial schedules referred to in the first paragraph present fairly, in all material respects, the revenue and the sources and disposition of authorizations of the Michigan State Fair and Exposition Center for the fiscal year ended September 30, 1999, on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2000 on our tests of the Michigan State Fair and Exposition Center's compliance with certain provisions of laws, regulations, contracts, and grants and on our consideration of its internal control over financial reporting.

The accompanying supplemental financial schedules, consisting of the schedule of General Fund revenue by source and the schedule of General Fund expenditures, are presented for purposes of additional analysis and are not a required part of the Michigan State Fair and Exposition Center's financial schedules referred to in the first paragraph. Such information has been subjected to the auditing procedures applied in the audit of the financial schedules and, in our opinion, is fairly stated, in all material respects, in relation to the financial schedules taken as a whole.

AUDITOR GENERAL

MICHIGAN STATE FAIR AND EXPOSITION CENTER  
Department of Agriculture  
Schedule of General Fund Revenue  
Fiscal Year Ended September 30, 1999

REVENUE

Miscellaneous revenue:

Michigan State Fair revenue	\$ 5,270,058
Non-Michigan State Fair revenue	<u>1,344,754</u>
Total Revenue	<u><u>\$ 6,614,812</u></u>

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

MICHIGAN STATE FAIR AND EXPOSITION CENTER  
 Department of Agriculture  
 Schedule of Sources and Disposition of General Fund Authorizations  
Fiscal Year Ended September 30, 1999

	Total
SOURCES OF AUTHORIZATIONS (Note 2)	
Balances carried forward	\$ 69,299
Restricted financing sources	6,545,513
Total	\$ 6,614,812
DISPOSITION OF AUTHORIZATIONS (Note 2)	
Net expenditures and operating transfers out	\$ 6,604,028
Restricted revenue - not authorized	10,784
Total	\$ 6,614,812

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

## Notes to the Financial Schedules

### Note 1 Significant Accounting Policies

#### a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the Michigan State Fair and Exposition Center (MSFEC), Department of Agriculture, for the fiscal year ended September 30, 1999. The financial transactions of MSFEC are accounted for in the State's General Fund and are reported on in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*.

The notes accompanying these financial schedules relate directly to MSFEC. The *SOMCAFR* provides more extensive general disclosures regarding the State's Summary of Significant Accounting Policies, Budgeting and Budgetary Control, Pension Benefits and Other Postemployment Benefits, and Compensated Absences.

#### b. Basis of Accounting and Presentation

The financial schedules contained in this report are prepared on the modified accrual basis of accounting, as provided by generally accepted accounting principles for governmental funds. The modified accrual basis of accounting, which emphasizes the measurement of current financial resource flows, is explained in more detail in the *SOMCAFR*.

The accompanying financial schedules include only the revenue and the sources and disposition of authorizations for MSFEC's General Fund accounts. Accordingly, these financial schedules are not intended to constitute a complete financial presentation of either MSFEC or the State's General Fund in accordance with generally accepted accounting principles.

Note 2 Schedule of Sources and Disposition of General Fund Authorizations

The various elements of the schedule of sources and disposition of General Fund authorizations are defined as follows:

- a. Restricted financing sources: Collections of restricted revenue, restricted operating transfers, and restricted intrafund expenditure reimbursements to finance department programs as detailed in the appropriations act. These financing sources are authorized for expenditure up to the amount appropriated. Depending upon program statute, any amounts received in excess of the appropriation are, at year-end, either converted to general purpose financing sources and made available for general appropriation in the next fiscal year or carried forward to the next fiscal year as either restricted revenue - authorized or restricted revenue - not authorized.
- b. Restricted revenue - not authorized: Revenue that, by statute, is restricted for use to a particular department program or activity. However, the expenditure of the restricted revenue is subject to annual legislative appropriation.

# SUPPLEMENTAL FINANCIAL SCHEDULES

MICHIGAN STATE FAIR AND EXPOSITION CENTER

Department of Agriculture  
Schedule of General Fund Revenue by Source  
Fiscal Year Ended September 30, 1999

REVENUE

Michigan State Fair Revenue

Gate admissions	\$ 2,529,955
Fair parking	394,088
Midway percentage - rides	874,244
Midway contract - games	220,675
Merchandise sales	85,045
Concessions and exhibits	450,188
Sponsorship	522,240
Stickers and passes/entry and stall fees	154,712
Miscellaneous	38,911
Total Michigan State Fair Revenue	<u>\$ 5,270,058</u>

Non-Michigan State Fair Revenue

Premium and entry fees	\$ 1,434
Non-Michigan State Fair gate receipts	65,615
Non-Michigan State Fair parking and camping	400,107
Midway rides	3,287
Sponsorship	32,252
Non-Michigan State Fair rentals - buildings and grounds	457,492
Charges for labor and utilities	298,227
Non-Michigan State Fair commission on concessions	37,223
Miscellaneous	49,117
Total Non-Michigan State Fair Revenue	<u>\$ 1,344,754</u>

Total Revenue

\$ 6,614,812

MICHIGAN STATE FAIR AND EXPOSITION CENTER

Department of Agriculture  
Schedule of General Fund Expenditures  
Fiscal Year Ended September 30, 1999

EXPENDITURES

Director	\$ 67,600
Accounting	621,938
Manager's office	1,249,817
Michigan State Fair liaison	50,074
Buildings and grounds maintenance	2,298,500
Security	345,586
Agriculture and livestock	745,313
Community arts	148,751
Volunteers	21,230
Entertainment	1,044,643
Special projects	<u>10,516</u>
Total Expenditures	<u>\$ 6,604,028</u>

## Glossary of Acronyms and Terms

effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules of an audited entity are fairly presented in conformity with generally accepted accounting principles.
internal control	A process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.
material weakness	A condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
MSFEC	Michigan State Fair and Exposition Center.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the

performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

reportable condition

A matter coming to the auditor's attention relating to a significant deficiency in the design or operation of internal control that, in the auditor's judgment, could adversely affect MSFEC's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial schedules.

*SOMCAFR*

*State of Michigan Comprehensive Annual Financial Report.*

time-and-materials  
contract

A contract that is a combination fixed-price contract and a cost-reimbursement contract. The contractor provides labor on an indefinite quantity, fixed-price basis and provides materials on a cost-reimbursement basis.