

FINANCIAL AUDIT
OF THE
MICHIGAN STATE FAIR AND EXPOSITION CENTER
DEPARTMENT OF AGRICULTURE
October 1, 1999 through September 30, 2000

**In Memory of
John G. Wirth, C.P.A.**

This audit report is dedicated to the memory of John G. Wirth, C.P.A. John was the Supervisor of this audit of the Michigan State Fair and Exposition Center.

Sadly, John died on December 4, 2001 in a tragic automobile accident. During John's seven years with the Office of the Auditor General, he earned a reputation as being a hard-working, dedicated professional. He had an easy smile and was well liked and respected by all who knew him.

Our thoughts and prayers are with John, his wife Shirley, and their three children, Marissa, Brenna, and Cameron. As part of John's extended family, we share in their grief. John would have celebrated his 30th birthday on December 8, 2001. We miss him dearly.

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 <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. 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 |

* See glossary at end of report for definition.

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.

* See glossary at end of report for definition.

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.

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December 28, 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 financial audit of the Michigan State Fair and Exposition Center, Department of Agriculture, for the period October 1, 1999 through September 30, 2000.

This report contains our executive digest; description of agency; audit objectives, audit scope, and agency responses and prior audit follow-up; 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 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. 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.

Beginning October 1, 2000, the State of Michigan entered into an agreement with the State Fair Development Group, L.L.C., to lease the Michigan State Fair premises to the State Fair Development Group, L.L.C., to renovate and operate the premises during the non-Fair period. The State of Michigan will continue to conduct the Fair, as required by the Fairgrounds Act, and other activities provided for in the lease.

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, Audit Scope, and Agency Responses and Prior Audit Follow-Up

Audit Objectives

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

1. 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.

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

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.

The agency preliminary response that 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.

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.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

COMMENT

Audit Objective: To assess and report on the Michigan State Fair and Exposition Center's (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.

FINDING

1. Competitive Award of Contracts

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

Department of Management and Budget (DMB) Administrative Guide procedure 0510.13 states that documentation is required supporting the competitive award of purchases/contracts over \$1,000. Also, sound public policy dictates that contracted services competitively bid at their inception should be periodically rebid to ensure the optimal mix of quality, service, selection, and price.

Our review of 10 contracted services disclosed:

- a. MSFEC could not document that one contract for services (exceeding \$1,000) was subjected to a competitive bid process. The contract was for services to

operate and manage the merchandise booths and the system for inventory control during the 2000 Michigan State Fair.

- b. MSFEC perpetually extended two contracts without subjecting them to a competitive bid process. The two contracts included a one-year, time-and-materials* maintenance contract awarded in 1994 and a one-year concessions and catering services contract awarded in 1996, both under competitive bid processes. For the 2000 Michigan State Fair, the maintenance contract was extended into its seventh year for \$250,000. The concessions and catering services contract was extended into its fifth year. The concessions component provided revenue to MSFEC (35% of beer and wine sales and 30% of food sales) and the catering component provided for MSFEC payments of up to \$60,000 to the vendor.

Using competitive bidding when awarding contracts and periodically rebidding contracts help ensure that the State obtains desired services at competitive prices and that the business community has a fair and equal opportunity to do business with the State.

Exceptions regarding competitively bidding contracted services were noted in the prior audit. In response, MSFEC agreed with the prior finding and stated that it would comply with the recommendation by establishing controls before the 2001 Michigan State Fair, which would require departmental review of the bid process or justification for sole source before a contract could be authorized. Subsequent to our audit fieldwork, MSFEC competitively rebid the maintenance contract for the 2001 Michigan State Fair. However, it did not competitively rebid the concessions and catering services contract.

RECOMMENDATIONS

WE AGAIN RECOMMEND THAT MSFEC IMPLEMENT EFFECTIVE CONTROLS TO ENSURE THAT ALL CONTRACTED SERVICES ARE COMPETITIVELY BID.

We also recommend that MSFEC implement effective controls to ensure that all competitively bid services are periodically rebid.

* See glossary at end of report for definition.

AGENCY PRELIMINARY RESPONSE

MSFEC agrees with the finding and will comply with the recommendations by establishing controls before the 2002 Michigan State Fair, which will require departmental review of the bid process or justification for a sole source before a contract can be authorized.

FINDING

2. Cash Handling

MSFEC had not established appropriate controls over its cash handling.

Our review disclosed:

- a. MSFEC did not consistently use two individuals in its mail opening operations.

DMB Administrative Guide procedure 1270.02 requires that cash items (cash, checks, or money orders) received by mail (i.e., cash receipts) be recorded on a cash log prepared by mail openers. The log must contain the date received, type of cash item received, amount received, initials of mail openers (minimum of two), and initials of cashier acknowledging verification of count and transfer from mail openers.

MSFEC has four divisions that open mail and handle cash receipts. In fiscal year 1999-2000, we estimate that the four divisions processed a combined \$2,400,000 in cash receipts. Two of the divisions log cash receipts on a computer system. A printout from the computer system and the cash receipts are provided to the cashier. However, neither the printout nor the computer system document that two individuals were involved with the opening of cash receipts as required by DMB Administrative Guide procedure 1270.02.

The remaining two divisions log cash receipts on individual log sheets. The log sheets contain a box for the initial mail opener's initials and a box for the initial verifier's initials (concurrent mail opener). However, several of the log sheets that we reviewed did not contain the initial verifier's initials to document that two individuals were involved with the opening of cash receipts as required by DMB Administrative Guide procedure 1270.02.

A complete log of all cash items received through the mail, initialed concurrently by two mail openers, establishes accountability for cash receipts at the time of receipt.

- b. MSFEC did not deposit cash receipts in a timely manner.

DMB Administrative Guide procedure 1210.04 requires that cash items received by agencies must be deposited into the bank on the day of receipt or no later than the close of business the following day.

Our review disclosed that 8 (32%) of 25 deposits were not made in compliance with procedure 1210.04. The lapse between the date the cash item was received by MSFEC to the date the cash item was deposited ranged from 3 days to 15 days, with one deposit made 38 days after the receipt of cash. Combined, these 8 deposits represented \$247,435 in cash receipts.

Depositing cash receipts on a daily basis helps reduce the risk of loss from theft, from missed investment opportunities, and from other unforeseen circumstances.

RECOMMENDATION

We recommend that MSFEC establish appropriate controls over its cash handling.

AGENCY PRELIMINARY RESPONSE

MSFEC agrees with the finding. Starting with the 2001 Michigan State Fair, MSFEC informed us that it consistently uses two people in its mail opening operations. Starting with the 2002 Michigan State Fair, cash receipts will be deposited daily. During the 2001 Michigan State Fair, deposits were made on a daily basis for all significant receipts; however, minor collections, such as cookbook sales and entry fees, were not deposited daily. Prior and subsequent to the 2001 Michigan State Fair, deposits were made via armored car deliveries twice a week, due to limited staff. As a result of the lease arrangements for the Michigan State Fair premises, there are no non-Fair activities scheduled after December 2001. Miscellaneous receipts received after 2001 will be deposited on a daily basis.

FINDING

3. Classification of Revenue and Expenditures

MSFEC did not have a process in place to ensure consistent and accurate classification of revenue and expenditures.

The accompanying supplemental financial schedules, consisting of the schedule of General Fund revenue by source and the schedule of General Fund expenditures, reflect transactions that are not consistently and accurately recorded. The supplemental financial schedules are presented for additional analysis and are not a required part of the MSFEC's financial schedules. The supplemental financial schedules agree in total with MSFEC's schedule of General Fund revenue and schedule of sources and dispositions of General Fund authorizations; however, the source of revenue and type of expenditures are not consistently and accurately classified in the line-item categories.

Our review disclosed:

- a. MSFEC did not accurately classify \$13,500 in revenue on the schedule of General Fund revenue by source. As a result, Fair revenue was overstated by \$13,500 and non-Fair revenue was understated by \$13,500.
- b. MSFEC did not consistently and accurately classify \$332,683 in expenditures on the schedule of General Fund expenditures. As a result, expenditures were classified in incorrect line-item categories.

Implementing control procedures to help ensure the proper classification of revenue and expenditures by source will help increase the accuracy of the supplemental financial schedules and provide the financial schedule user with an accurate presentation of MSFEC operations.

RECOMMENDATION

We recommend that MSFEC implement a process to ensure consistent and accurate classification of revenue and expenditures.

AGENCY PRELIMINARY RESPONSE

MSFEC agrees with the finding. MSFEC informed us that the recording process has been enhanced by additional review and approval of financial transactions by Department of Agriculture central office budget staff.

FINANCIAL ACCOUNTING AND REPORTING

COMMENT

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.

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

JULY 24, 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:

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, 2000 and have issued our report thereon dated July 24, 2001. 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.

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 3.

A material weakness is a reportable 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 caused by error or fraud 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 identified 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

July 24, 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:

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, 2000. 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 principally in the General Fund of the State of Michigan.

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 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 accounting principles generally accepted in the United States of America.

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, 2000, on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 24, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The 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, 2000

REVENUE

Miscellaneous revenue:

| | |
|------------------|----------------------------|
| Fair revenue | \$ 5,103,553 |
| Non-Fair revenue | <u>1,685,859</u> |
| Total Revenue | <u><u>\$ 6,789,412</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, 2000

| | Total |
|---|--------------|
| SOURCES OF AUTHORIZATIONS (Note 2) | |
| Budgetary transfers in (out) | \$ 1,250,000 |
| Balances carried forward | 10,784 |
| Restricted financing sources | 6,778,628 |
| Total | \$ 8,039,412 |
| DISPOSITION OF AUTHORIZATIONS (Note 2) | |
| Expenditures and operating transfers out | \$ 7,932,173 |
| Restricted revenue - not authorized | 107,238 |
| Total | \$ 8,039,412 |

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, 2000. The financial transactions of MSFEC are accounted for principally 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 accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America.

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. Budgetary transfers in (out): Legislatively approved transfers of spending authorization between accounts within a department or between departments. These also include administrative transfers, such as entries to complete the financial closing of the State's fiscal year, that are approved by the Office of Financial Management, Department of Management and Budget. The balance in fiscal year 1999-2000 represents spending authorization transferred to MSFEC operating accounts from other agencies within the Department of Agriculture.
- b. Restricted financing sources: Collections of restricted revenue, restricted operating transfers, and restricted intrafund expenditure reimbursements to finance 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.
- c. Restricted revenue - not authorized: Revenue that, by statute, is restricted for use to a particular 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, 2000

REVENUE

Fair Revenue:

| | |
|--|---------------------|
| Gate admissions | \$ 2,107,986 |
| Parking | 379,162 |
| Midway percentage - rides | 895,611 |
| Midway contract - games | 219,940 |
| Merchandise sales | 53,287 |
| Vendor space | 424,671 |
| Sponsorship | 783,100 |
| Stickers and passes/entry and stall fees | 185,166 |
| Miscellaneous | <u>54,630</u> |
| Total Fair Revenue | <u>\$ 5,103,553</u> |

Non-Fair Revenue:

| | |
|--|---------------------|
| Gate receipts | \$ 48,805 |
| Parking and camping | 363,330 |
| Sponsorship | 62,800 |
| Rentals - buildings and grounds | 735,830 |
| Maintenance, janitorial, and utilities | 320,755 |
| Entry and stall fees | 103,596 |
| Commission on concessions | 35,369 |
| Miscellaneous | <u>15,373</u> |
| Total Non-Fair Revenue | <u>\$ 1,685,859</u> |

Total Revenue \$ 6,789,412

MICHIGAN STATE FAIR AND EXPOSITION CENTER
Department of Agriculture
Schedule of General Fund Expenditures
Fiscal Year Ended September 30, 2000

EXPENDITURES

| | |
|-------------------------------------|----------------------------|
| Director | \$ 69,600 |
| Fair Liaison | 87,497 |
| Administration and manager's office | 2,148,153 |
| Buildings and grounds maintenance | 2,785,741 |
| Security | 668,915 |
| Agriculture and livestock | 1,054,466 |
| Community arts | 160,888 |
| Entertainment | 826,957 |
| Special projects | <u>129,956</u> |
| Total Expenditures | <u><u>\$ 7,932,173</u></u> |

Glossary of Acronyms and Terms

| | |
|-----------------------------|---|
| DMB | Department of Management and Budget. |
| financial audit | An audit that is designed to provide reasonable assurance about whether the financial schedules and/or financial statements of an audited entity are fairly presented in conformity with the disclosed basis of accounting. |
| 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: (1) reliability of financial reporting, (2) effectiveness and efficiency of operations, and (3) 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 caused by error or fraud in amounts that would be material in relation to the financial schedules and/or financial statements 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. |
| 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 the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedules and/or financial statements. |
| SOMCAFR | <i>State of Michigan Comprehensive Annual Financial Report.</i> |

**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.

unqualified opinion

An auditor's opinion in which the auditor states, without reservation, that the financial schedules and/or financial statements are fairly presented in conformity with the disclosed basis of accounting or are fairly presented in relation to the primary financial schedules and/or statements.