




# **Nebraska State Fair Board**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022



**Nebraska State Fair Board  
Contents  
December 31, 2023 and 2022**

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## Independent Auditor's Report

Board of Directors  
Nebraska State Fair Board  
Grand Island, Nebraska

### **Opinion**

We have audited the financial statements of the Nebraska State Fair Board (the Board), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska State Fair Board, as of December 31, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The schedules of fair operations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of fair operations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**FORVIS,LLP**

Lincoln, Nebraska  
March 12, 2024

**Nebraska State Fair Board  
Balance Sheets  
December 31, 2023 and 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 6,188,173	\$ 7,056,776
Investments	2,565,477	-
Accounts receivable	175,182	175,363
Grant receivable	487,744	-
Receivable - intergovernmental	1,476,126	1,739,899
Prepaid expenses	<u>32,780</u>	<u>29,892</u>
Total current assets	<u>10,925,482</u>	<u>9,001,930</u>
<b>Noncurrent Assets</b>		
Investments	516,980	-
Capital assets, net	12,386,352	11,355,679
Other noncurrent assets	<u>132,000</u>	<u>145,000</u>
Total noncurrent assets	<u>13,035,332</u>	<u>11,500,679</u>
Total assets	<u>\$ 23,960,814</u>	<u>\$ 20,502,609</u>

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>		
Accounts payable	\$ 589,672	\$ 54,327
Accrued liabilities	36,568	60,285
Compensated absences	31,126	40,741
Unearned revenue, current portion	333,582	262,193
Long-term debt, current portion	<u>483,420</u>	<u>479,327</u>
Total current liabilities	<u>1,474,368</u>	<u>896,873</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue, net of current portion	243,750	276,250
Long-term debt, net of current portion	<u>3,025,611</u>	<u>3,496,040</u>
Total noncurrent liabilities	<u>3,269,361</u>	<u>3,772,290</u>
Total liabilities	<u>4,743,729</u>	<u>4,669,163</u>
<b>Net Position</b>		
Net investment in capital assets	8,909,682	7,880,312
Unrestricted	<u>10,307,403</u>	<u>7,953,134</u>
Total net position	<u>19,217,085</u>	<u>15,833,446</u>
Total liabilities and net position	<u>\$ 23,960,814</u>	<u>\$ 20,502,609</u>

**Nebraska State Fair Board**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>		
Admissions/fair	\$ 1,345,759	\$ 1,196,371
Carnival	507,592	503,658
Entertainment	1,029,423	906,133
Food/beverage service	525,685	511,435
Campgrounds	65,055	55,813
Departmental receipts	983,465	749,726
Space rental and storage	868,005	892,038
Other commissions	7,199	7,440
Sponsorships (nondepartmental)	899,120	874,847
In-kind sponsorship revenues	361,944	359,803
Miscellaneous	157,410	243,236
Total operating revenues	<u>6,750,657</u>	<u>6,300,500</u>
<b>Operating Expenses</b>		
Department premiums/awards	575,265	531,200
Taxes	155,767	133,445
Insurance	385,585	369,257
Wages	2,015,017	1,949,127
Professional services	1,549,580	1,558,026
Equipment rental	932,842	810,426
Materials/supplies	381,470	390,592
Administrative	820,639	684,010
Entertainment	851,018	702,484
Food/beverage service	185,457	190,889
Advertising/promotion	454,958	439,636
Fair department expenses	956,480	791,000
Utilities	121,180	117,236
Depreciation expense	643,865	660,571
In-kind sponsorship expenses	361,944	359,803
Total operating expenses	<u>10,391,067</u>	<u>9,687,702</u>
<b>Operating Loss</b>	<u>(3,640,410)</u>	<u>(3,387,202)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Intergovernmental revenues	6,142,446	5,869,477
Interest income	220,166	20,274
Interest expense	(148,376)	(135,580)
Grant revenue	805,427	-
Other income	4,386	14,190
Net nonoperating revenues	<u>7,024,049</u>	<u>5,768,361</u>
<b>Increase in Net Position</b>	3,383,639	2,381,159
<b>Net Position, Beginning of Year</b>	<u>15,833,446</u>	<u>13,452,287</u>
<b>Net Position, End of Year</b>	<u>\$ 19,217,085</u>	<u>\$ 15,833,446</u>

**Nebraska State Fair Board**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Receipts from customers	\$ 6,427,783	\$ 6,349,894
Payments to employees	(2,024,632)	(1,994,868)
Payments to suppliers	(7,329,040)	(6,707,005)
Net cash used in operating activities	<u>(2,925,889)</u>	<u>(2,351,979)</u>
<b>Noncapital Financing Activities</b>		
Intergovernmental revenue	6,406,219	5,455,996
Other receipts	25,611	26,190
Net cash provided by financing activities	<u>6,431,830</u>	<u>5,482,186</u>
<b>Capital and Related Financing Activities</b>		
Purchase of capital assets	(1,215,224)	(175,423)
Grant proceeds	317,683	-
Principal payments on long-term debt	(466,336)	(945,374)
Interest payments	(148,376)	(135,580)
Net cash used in capital and related financing activities	<u>(1,512,253)</u>	<u>(1,256,377)</u>
<b>Investing Activities</b>		
Purchase of investments	(3,000,000)	-
Interest receipts	137,709	20,274
Net cash provided by (used in) investing activities	<u>(2,862,291)</u>	<u>20,274</u>
<b>Increase (Decrease) in Cash</b>	<u>(868,603)</u>	<u>1,894,104</u>
<b>Cash, Beginning of Year</b>	<u>7,056,776</u>	<u>5,162,672</u>
<b>Cash, End of Year</b>	<u>\$ 6,188,173</u>	<u>\$ 7,056,776</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (3,640,410)	\$ (3,387,202)
Depreciation	643,865	660,571
Changes in operating assets and liabilities		
Accounts receivable	181	(57,825)
Prepaid expenses	(2,888)	45,655
Accounts payable	67,806	(107,598)
Accrued liabilities and compensated absences	(33,332)	27,398
Unearned revenue	38,889	467,022
<b>Net Cash Used in Operating Activities</b>	<u>\$ (2,925,889)</u>	<u>\$ (2,351,979)</u>
<b>Supplemental Cash Flows Information</b>		
Capital asset additions included in accounts payable	\$ 467,539	\$ -

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations***

Nebraska State Fair Board (the Board) is a not-for-profit corporation created by the State of Nebraska for the purpose of deliberating and consulting as to the needs and conditions of agricultural interests throughout the State of Nebraska. The Board supervises the State Fair located in Grand Island, Nebraska.

### ***Basis of Accounting and Presentation***

The Board prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statements of the Board have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally intergovernmental revenues) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated nonexchange transactions that are not program specific (such as intergovernmental revenues), investment income and contributions are included in nonoperating revenues and expenses. The Board first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

### ***Investments***

State statutes authorize the Board to invest in collateralized bank certificates of deposit, time deposits, obligations of the United States government and select Federal agency securities. Certificates of deposit are carried at amortized cost.

### ***Receivables***

Accounts receivable consist primarily of amounts due from operations. Intergovernmental receivables represent quarterly lottery proceeds due to the Board from the Nebraska State Lottery. Grant receivables represent amounts owed from granting agencies whereby the Board has met the necessary eligibility requirements for reimbursement. No allowance is recorded as management believes all amounts are collectible.

### ***Capital Assets***

Capital assets are reported at original cost. Donated capital assets are valued at their acquisition value at the date donated. Building improvements consist of amounts paid by the Board for construction of the fair facilities in Grand Island. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and building improvements	3 – 50 years
Equipment	3 – 10 years



**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

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***Unearned Revenue***

Unearned revenue consists of prepaid ticket sales, commercial space sales, and in-kind and sponsorship revenue being recognized over the term of the related agreements. There was \$324,250 and \$387,314 of sponsorship revenue remaining at December 31, 2023 and 2022, respectively, which is to be recognized through 2031.

***Net Position***

Net position of the Board is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Board. The Board has no components of net position that meet the restricted definition at December 31, 2023 and 2022. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

***In-kind Revenues and Expenses***

The Board receives in-kind contributions of services and assets from various donors. It is the policy of the Board to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue by a like amount for exchange and exchange-like transactions. For the years ended December 31, 2023 and 2022, \$361,944 and \$359,803, respectively, was recognized as in-kind sponsorship expense for these items, with an equal amount recognized as non-cash sponsorship revenue.

***Compensated Absences***

Board policies permit most employees to accumulate paid time off (PTO) that may be realized as paid time off or as a payment to the employee upon termination. Hours earned vary based on years of eligible service, and employees can accrue up to a maximum of 240 hours of PTO. Expense and the related liability are recognized as PTO benefits are earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date.

***Revenue Recognition***

Revenues are derived primarily from admissions to the State Fair, use of facility space and related activities and intergovernmental sources. Revenues from the State Fair are recognized when earned. Revenues from intergovernmental sources are recognized when all eligibility requirements have been met.

***Classification of Revenues***

The Board has classified its revenues as either operating or nonoperating revenues according to the following criteria:

**Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) fair admissions and (2) facilities charges.

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as contributions, intergovernmental revenues, grant revenues and investment income.

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

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***Income Taxes***

The Board is a not-for-profit corporation and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(5). However, the Board is subject to federal income tax on any unrelated business taxable income. The Board files an Internal Revenue Service (IRS) Form 990 to meet its annual filing requirements.

**Note 2. Deposits and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. Nebraska state law does not require collateralization of deposits in excess of FDIC limits for entities other than political subdivisions. The Board's cash deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Board has also entered into an arrangement with its primary financial institution, which sweeps funds from its primary operating account into a secured repurchase account on a nightly basis. At December 31, 2023, the Board's deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC at each participating financial institution. Any cash deposits or certificates of deposit in excess of the \$250,000 FDIC limits are covered by collateral held by an agent for the Board.

***Investments***

At December 31, 2023, the Board had the following investments and maturities:

<b>Certificates of Deposit</b>	<b>Maturity</b>	<b>Carrying Value</b>
Jones Bank	2/3/2024	\$ 511,126
Pinnacle Bank	3/7/2024	517,272
FNBO	5/16/2024	500,000
Cornerstone	6/16/2024	516,979
Five Points Bank	10/30/2024	516,980
Equitable Bank	2/14/2025	520,100
		<u>\$ 3,082,457</u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Board's investing follows State statutes, and it is the intent of the Board to maximize investment earnings while preserving liquidity.

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not recover the value of its investment securities that are in the possession of an outside party. This risk is addressed in the Deposits section directly above.

**Concentration of Credit Risk** – Concentration of credit risk is the risk associated with the amount of investments the Board has with any one issuer. The Board's investing approach places no limit on the amounts that may be invested in any one issuer.

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

**Note 3. Capital Assets**

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	<b>2023</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Less Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	15,085,643	-	-	-	15,085,643
Equipment and vehicles	6,481,824	1,052,339	167,874	-	7,366,289
Construction in progress	52,550	630,424	-	-	682,974
	<u>21,660,250</u>	<u>1,682,763</u>	<u>167,874</u>	<u>-</u>	<u>23,175,139</u>
Accumulated depreciation					
Buildings and leasehold improvements	4,366,066	433,580	-	-	4,799,646
Equipment and vehicles	5,938,505	210,285	159,649	-	5,989,141
	<u>10,304,571</u>	<u>643,865</u>	<u>159,649</u>	<u>-</u>	<u>10,788,787</u>
Net capital assets	<u>\$ 11,355,679</u>	<u>\$ 1,038,898</u>	<u>\$ 8,225</u>	<u>\$ -</u>	<u>\$ 12,386,352</u>
	<b>2022</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Less Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	15,085,643	-	-	-	15,085,643
Equipment and vehicles	6,358,951	122,873	-	-	6,481,824
Construction in progress	-	52,550	-	-	52,550
	<u>21,484,827</u>	<u>175,423</u>	<u>-</u>	<u>-</u>	<u>21,660,250</u>
Accumulated depreciation					
Buildings and leasehold improvements	3,930,873	435,193	-	-	4,366,066
Equipment and vehicles	5,713,127	225,378	-	-	5,938,505
	<u>9,644,000</u>	<u>660,571</u>	<u>-</u>	<u>-</u>	<u>10,304,571</u>
Net capital assets	<u>\$ 11,840,827</u>	<u>\$ (485,148)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,355,679</u>

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

**Note 4. Long-term Liabilities**

**Long-term Debt**

Long-term debt included the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Direct Borrowings</b>		
Note payable, bank (A)	\$ 3,009,031	\$ 3,475,367
Note payable (B)	<u>500,000</u>	<u>500,000</u>
	3,509,031	3,975,367
Less: current maturities	<u>483,420</u>	<u>479,327</u>
	<u>\$ 3,025,611</u>	<u>\$ 3,496,040</u>

- A. Note with an original available principal balance of \$8,000,000 and is secured by property, equipment and rights to the lottery proceeds. Interest is payable monthly beginning June 10, 2013. Principal and interest are payable in monthly installments of \$49,024 beginning June 10, 2013. Interest was initially payable at a fixed rate of 4% through June 10, 2018. Beginning June 10, 2018, interest is payable monthly at the New York prime rate plus a margin of .75% with a floor of 4% and a ceiling of 6%. During 2021, the Board negotiated a fixed rate of 3.75% for the note with its primary financial institution. The rate will reset every five years until maturity on May 10, 2033. Based on the revised terms and additional principal payments made by the Board, final payment is now anticipated to be due September 10, 2029.
- B. Small Business Administration (SBA) secured disaster loan entered into in May 2020, for a total amount of \$150,000 bearing interest at 2.75%. In August 2021, the note was modified to increase the balance to a total amount of \$500,000. Monthly payments in the amount of \$2,202 are anticipated to begin in 2024. The loan has a final maturity of June 1, 2050 and is collateralized by all tangible and intangible property of the Board and can be prepaid at anytime prior to maturity.

The following is a summary of long-term liability transactions of the Board for the years ended December 31, 2023 and 2022:

<b>2023</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Notes payable	\$ 3,975,367	\$ -	\$ 466,336	\$ 3,509,031	\$ 483,420
Unearned revenue	<u>538,443</u>	<u>301,082</u>	<u>262,193</u>	<u>577,332</u>	<u>333,582</u>
Total	<u>\$ 4,513,810</u>	<u>\$ 301,082</u>	<u>\$ 728,529</u>	<u>\$ 4,086,363</u>	<u>\$ 817,002</u>
<b>2022</b>					
Notes payable	\$ 4,920,741	\$ -	\$ 945,374	\$ 3,975,367	\$ 479,327
Unearned revenue	<u>71,421</u>	<u>538,443</u>	<u>71,421</u>	<u>538,443</u>	<u>262,193</u>
Total	<u>\$ 4,992,162</u>	<u>\$ 538,443</u>	<u>\$ 1,016,795</u>	<u>\$ 4,513,810</u>	<u>\$ 741,520</u>

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

Aggregate annual maturities of long-term debt at December 31, 2023, are:

	<u>Principal</u>	<u>Interest</u>	<u>Total to be Paid</u>
2024	\$ 483,420	\$ 131,293	\$ 614,713
2025	503,514	113,147	616,661
2026	535,990	80,672	616,662
2027	556,288	60,373	616,661
2028	577,264	39,398	616,662
2029-2033	483,361	63,504	546,865
2034-2038	96,540	45,325	141,865
2039-2043	110,753	31,112	141,865
2044-2048	127,057	14,808	141,865
2049-2053	34,844	912	35,756
	<u>\$ 3,509,031</u>	<u>\$ 580,544</u>	<u>\$ 4,089,575</u>

**Note 5. Intergovernmental Revenues**

Effective January 1, 2005, the Nebraska State Constitution was amended to authorize an appropriation of 10% of the net State Lottery proceeds to the Nebraska State Fair Board, as long as the City of Grand Island matches 10% of those funds. The Board recognized revenues of \$6,142,446 and \$5,869,477 classified as intergovernmental revenue during the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, \$1,476,126 and \$1,739,899, respectively, was recorded as a receivable for fourth quarter lottery activity.

**Note 6. Leases**

The Board has entered into several multi-year lease agreements for the use of land and other property to provide space for fair operations and parking. The leases have various termination dates ranging from 2023 to 2059, and the Board has the ability to extend the fair operations property lease for an additional 50 years upon mutual agreement between the parties. The Board performed an evaluation of its leases under GASB Statement No. 87, *Leases*, and did not record a lease liability and related right-to-use asset for these lease agreements as the leases are either for a total operating period of less than twelve months or are not considered to be exchange or exchange-like transactions. Total expense recorded under these leases was \$73,000 for the years ended December 31, 2023 and 2022, and is included within professional services on the statements of revenues, expenses and changes in net position.

**Note 7. Pension and Deferred Compensation Plans**

The Board has a defined contribution pension plan for substantially all full-time employees that meets the requirements of Section 401(a) of the Internal Revenue Code and is administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. Employees become immediately vested in their contributions and vest in any employer contributions ratably over a four year period. Forfeitures are distributed to participants in

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

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proportion of their compensation to total compensation. For the years ended December 31, 2023 and 2022, the Board made matching contributions of 5% of qualifying wages. In addition, the Board has a deferred compensation plan that meets the requirements of Section 457(b) of the Internal Revenue Code administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. Employees are immediately vested in their account balance. For the years ended December 31, 2023 and 2022, the Board made matching contributions of 5% of qualifying wages. Total employer contributions to both plans were \$92,743 and \$53,879 for the years ended December 31, 2023 and 2022, respectively. No forfeitures were used to reduce the Board's contributions in either 2023 or 2022. The Board evaluated both plans as potential fiduciary activities in accordance with the provisions of GASB Statement No. 84, *Fiduciary Activities*, and deemed the applicable criterion were not met for the plans to be reported as fiduciary funds within the Board's financial statements.

**Note 8. Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Note 9. Commitments and Contingencies**

***Scholarships***

To reward participants for their hard work, dedication and competitive drive, and to encourage them to continue to pursue secondary learning in the field of their competitive theme, the Board awards scholarships to certain rodeo, livestock, and education focused event champions at the State Fair. Scholarships in the Education Department range in amount from \$25 to \$100. The High School Rodeo awards scholarships in the \$500 to \$1,000 range, and these are more restrictive for use at specific schools within Nebraska. 4-H and FFA scholarships range in amounts from \$750 to \$1,000 for Reserve Champion and Grand Champion Market Livestock. The Board recognizes expenses and liabilities for these scholarships once all eligibility requirements have been met. Scholarship recipients become eligible for receipt of the scholarship funds once they begin classes at a qualifying college or university and provide notice of enrolled attendance to the Board. At December 31, 2023 and 2022, the Board has commitments of approximately \$131,000 and \$102,000, respectively, for future scholarship disbursements and has internally designated a portion of its net position for payment of these amounts.

***Litigation***

The Board is subject to various claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net position and cash flows of the Board. Events could occur that would change this estimate materially in the near term.

**Nebraska State Fair Board  
Notes to Financial Statements  
December 31, 2023 and 2022**

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***Federal Award Programs***

During 2023, the Board entered into an agreement with the Nebraska Department of Environment and Energy to receive grant funding in the total amount of \$20,000,000 to be used for specified paving, infrastructure, and other critical capital needs at and around the fairgrounds. The funding is provided through the American Rescue Plan Act (ARPA), whereby the Board must obligate project funds by December 31, 2024, and all project funds must be expended by December 31, 2026. During 2023, the Board also executed contracts with various third parties for construction, engineering, and other professional services for these projects totaling approximately \$2,800,000. As of December 31, 2023, the remaining commitment under these contracts was approximately \$2,200,000.

## **Supplementary Information**



**Nebraska State Fair Board  
Schedules of Fair Operations  
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Admissions/fair	\$ 1,345,759	\$ 1,196,371
Carnival	507,592	503,658
Entertainment	1,029,423	906,133
Food/beverage service	525,685	511,435
Campgrounds	65,055	55,813
Departmental receipts	983,465	749,726
Space rental and storage	868,005	892,038
Other commissions	7,199	7,440
Sponsorships (nondepartmental)	899,120	874,847
In-kind sponsorship revenues	361,944	359,803
Miscellaneous	157,410	243,236
Intergovernmental revenues	6,142,446	5,869,477
	<u>12,893,103</u>	<u>12,169,977</u>
Total revenues		
<b>Expenses</b>		
Department premiums/awards	\$ 575,265	\$ 531,200
Taxes	155,767	133,445
Insurance	385,585	369,257
Wages	2,015,017	1,949,127
Professional services	1,549,580	1,558,026
Equipment rental	932,842	810,426
Materials/supplies	381,470	390,592
Administrative	820,639	684,010
Entertainment	851,018	702,484
Food/beverage service	185,457	190,889
Advertising/promotion	454,958	439,636
Fair department expenses	956,480	791,000
Utilities	121,180	117,236
In-kind sponsorship expenses	361,944	359,803
	<u>9,747,202</u>	<u>9,027,131</u>
Total expenses		
<b>Change in Net Position Before Depreciation, Interest Expense and Other Income (Expenses)</b>	<u>3,145,901</u>	<u>3,142,846</u>
<b>Depreciation, Interest Expense and Other Income (Expenses)</b>		
Depreciation expense	(643,865)	(660,571)
Interest expense	(148,376)	(135,580)
Grant revenue	805,427	-
Other income	224,552	34,464
	<u>237,738</u>	<u>(761,687)</u>
Net depreciation, interest expense and other income (expense)		
<b>Change in Net Position</b>	<u>\$ 3,383,639</u>	<u>\$ 2,381,159</u>