

Nebraska State Fair Board

Independent Auditor's Report And Financial Statements

December 31, 2022 and 2021



Nebraska State Fair Board
December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 statement 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 14, 2023

Nebraska State Fair Board
Balance Sheets
December 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 7,056,776	\$ 5,162,672
Accounts receivable	175,363	117,538
Receivable - intergovernmental	1,739,899	1,326,418
Prepaid expenses	29,892	75,547
	<u>9,001,930</u>	<u>6,682,175</u>
Noncurrent Assets		
Capital assets, net	11,355,679	11,840,827
Other noncurrent assets	145,000	157,000
	<u>11,500,679</u>	<u>11,997,827</u>
Total assets	<u>\$ 20,502,609</u>	<u>\$ 18,680,002</u>

Liabilities and Net Position

Current Liabilities		
Accounts payable	\$ 54,327	\$ 161,925
Accrued liabilities	60,285	44,904
Compensated absences	40,741	28,724
Unearned revenue	262,193	71,421
Long-term debt, current portion	479,327	384,494
	<u>896,873</u>	<u>691,468</u>
Noncurrent Liabilities		
Unearned revenue, net of current portion	276,250	-
Long-term debt, net of current portion	3,496,040	4,536,247
	<u>3,772,290</u>	<u>4,536,247</u>
Total liabilities	<u>4,669,163</u>	<u>5,227,715</u>
Net Position		
Net investment in capital assets	7,880,312	7,419,986
Unrestricted	7,953,134	6,032,301
	<u>15,833,446</u>	<u>13,452,287</u>
Total liabilities and net position	<u>\$ 20,502,609</u>	<u>\$ 18,680,002</u>

Nebraska State Fair Board
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Admissions/fair	\$ 1,196,371	\$ 1,035,130
Carnival	503,658	394,391
Entertainment	906,133	353,682
Food/beverage service	511,435	342,046
Campgrounds	55,813	42,268
Departmental receipts	749,726	619,464
Space rental and storage	892,038	768,238
Other commissions	7,440	1,302
Sponsorships (nondepartmental)	874,847	962,051
In-kind sponsorship revenues	359,803	397,510
Miscellaneous	243,236	212,816
Total operating revenues	<u>6,300,500</u>	<u>5,128,898</u>
Operating Expenses		
Department premiums/awards	531,200	444,950
Taxes	133,445	126,469
Insurance	369,257	306,326
Wages	1,949,127	1,599,588
Professional services	1,558,026	1,497,845
Equipment rental	810,426	459,985
Materials/supplies	390,592	282,333
Administrative	684,010	634,499
Entertainment	702,484	498,495
Food/beverage service	190,889	129,516
Advertising/promotion	439,636	282,794
Fair department expenses	791,000	638,500
Utilities	117,236	101,303
Depreciation expense	660,571	748,295
In-kind sponsorship expenses	359,803	397,510
Miscellaneous	-	1,975
Total operating expenses	<u>9,687,702</u>	<u>8,150,383</u>
Operating Loss	<u>(3,387,202)</u>	<u>(3,021,485)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	5,869,477	5,598,498
Interest income	20,274	10,829
Interest expense	(135,580)	(220,627)
PPP loan forgiveness	-	908,321
Grants	-	25,000
Other income	14,190	158,000
Net nonoperating revenues	<u>5,768,361</u>	<u>6,480,021</u>
Increase in Net Position	2,381,159	3,458,536
Net Position, Beginning of Year	<u>13,452,287</u>	<u>9,993,751</u>
Net Position, End of Year	<u>\$ 15,833,446</u>	<u>\$ 13,452,287</u>

Nebraska State Fair Board
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Receipts from customers	\$ 6,349,894	\$ 4,370,268
Payments to employees	(1,994,868)	(1,645,329)
Payments to suppliers	(6,707,005)	(5,265,748)
Net cash used in operating activities	<u>(2,351,979)</u>	<u>(2,540,809)</u>
Noncapital Financing Activities		
Intergovernmental revenue	5,455,996	5,423,167
PPP loan proceeds	-	908,321
Grant proceeds	-	25,000
Other receipts	26,190	1,000
Net cash provided by financing activities	<u>5,482,186</u>	<u>6,357,488</u>
Capital and Related Financing Activities		
Purchase of capital assets	(175,423)	(161,937)
Proceeds from issuance of note payable	-	350,000
Principal payments on long-term debt	(945,374)	(391,738)
Interest payments	(135,580)	(220,627)
Net cash used in capital and related financing activities	<u>(1,256,377)</u>	<u>(424,302)</u>
Investing Activities		
Interest receipts	20,274	10,829
Net cash provided by investing activities	<u>20,274</u>	<u>10,829</u>
Increase in Cash	<u>1,894,104</u>	<u>3,403,206</u>
Cash, Beginning of Year	<u>5,162,672</u>	<u>1,759,466</u>
Cash, End of Year	<u>\$ 7,056,776</u>	<u>\$ 5,162,672</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (3,387,202)	\$ (3,021,485)
Depreciation	660,571	748,295
Changes in operating assets and liabilities		
Accounts receivable	(57,825)	(77,088)
Prepaid expenses	45,655	(5,044)
Accounts payable	(107,598)	130,733
Accrued liabilities and compensated absences	27,398	(32,188)
Unearned revenue	467,022	(284,032)
Net Cash Used in Operating Activities	<u>\$ (2,351,979)</u>	<u>\$ (2,540,809)</u>

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

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.

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. No allowance is recorded as management believes all amounts are collectible.

Nebraska State Fair Board

Notes to Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

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

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 \$387,314 and \$38,438 of sponsorship revenue remaining at December 31, 2022 and 2021, 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, 2022 and 2021. 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, 2022 and 2021, \$359,803 and \$397,510, respectively, was recognized as in-kind sponsorship expense for these items, with an equal amount recognized as non-cash sponsorship revenue.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

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 and investment income.

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

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Deposits

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, 2022, the Board's bank balances in excess of FDIC limits totaled approximately \$7,230,000, of which the entire balance was secured under the repurchase account referenced above.

Note 3: Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	2022				Ending Balance
	Beginning Balance	Additions	Less Retirements	Transfers	
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, 2022 and 2021

Note 3: Capital Assets - Continued

	2021				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	14,990,337	95,306	-	-	15,085,643
Equipment and vehicles	6,332,785	66,631	40,465	-	6,358,951
	<u>21,363,355</u>	<u>161,937</u>	<u>40,465</u>	<u>-</u>	<u>21,484,827</u>
Accumulated depreciation					
Buildings and leasehold improvements	3,498,313	432,560	-	-	3,930,873
Equipment and vehicles	5,437,857	315,735	40,465	-	5,713,127
	<u>8,936,170</u>	<u>748,295</u>	<u>40,465</u>	<u>-</u>	<u>9,644,000</u>
Net capital assets	<u>\$ 12,427,185</u>	<u>\$ (586,358)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,840,827</u>

Note 4: Long-term Liabilities

Long-term Debt

Long-term debt included the following at December 31, 2022 and 2021:

	2022	2021
Direct Borrowings		
Note payable, bank (A)	\$ 3,475,367	\$ 4,420,741
Note payable (B)	500,000	500,000
	<u>3,975,367</u>	<u>4,920,741</u>
Less: current maturities	<u>479,327</u>	<u>455,915</u>
	<u>\$ 3,496,040</u>	<u>\$ 4,464,826</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.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Long-term Liabilities - Continued

(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, and to provide monthly payments of \$2,202 per month beginning May 2023. Loan 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, 2022 and 2021:

2022	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes payable	\$ 4,920,741	\$ -	\$ 945,374	\$ 3,975,367	\$ 479,327
Unearned revenue	71,421	538,443	71,421	538,443	262,193
Total	\$ 4,992,162	\$ 538,443	\$ 1,016,795	\$ 4,513,810	\$ 741,520
2021					
Financed purchases	\$ 25,275	\$ -	\$ 25,275	\$ -	\$ -
Note payable	4,937,204	350,000	366,463	4,920,741	384,494
Unearned revenue	355,453	47,984	332,016	71,421	71,421
Total	\$ 5,317,932	\$ 397,984	\$ 723,754	\$ 4,992,162	\$ 455,915

Aggregate annual maturities of long-term debt at December 31, 2022, are:

	Principal	Interest	Total to be Paid
2023	\$ 479,327	\$ 135,386	\$ 614,713
2024	496,434	118,279	614,713
2025	515,549	99,163	614,712
2026	535,080	79,633	614,713
2027	555,352	59,360	614,712
2028-2032	1,037,447	87,633	1,125,080
2033-2037	88,093	44,027	132,120
2038-2042	101,063	31,057	132,120
2043-2047	115,941	16,179	132,120
2048-2052	51,081	1,850	52,931
	\$ 3,975,367	\$ 672,567	\$ 4,647,934

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

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 \$5,869,477 and \$5,598,498 classified as intergovernmental revenue during the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, \$1,739,899 and \$1,326,418, 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 and \$70,500 for the years ended December 31, 2022 and 2021, and is included within professional services on the statements of revenues, expenses and changes in net position.

Note 7: Paycheck Protection Program (PPP) Loan

The Board was granted a loan of \$908,321 under the PPP in April 2021. The PPP was established as part of the Coronavirus Relief and Economic Security Act (“Cares Act”). The Cares Act provides for loans to qualifying businesses and organizations based upon a formula using average monthly payroll expenses. The loans are forgivable as long as the proceeds are used for qualifying purposes. In November 2021, the Small Business Administration forgave the loan. The Board has elected to account for the funding as voluntary nonexchange revenue under the applicable accounting guidance. The assistance was recognized as nonoperating revenue in the Statements of Revenues, Expenses and Changes in Net Position when conditions were met, which included meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of the assistance.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

Note 8: 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. Forfeitures are distributed to participants in proportion of their compensation to total compensation. For the years ended December 31, 2022 and 2021, the Board made matching contributions of 5% and 3%, respectively, 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. For the years ended December 31, 2022 and 2021, the Board made matching contributions of 5% and 3%, respectively, of qualifying wages. Total employer contributions to both plans were \$16,033 and \$3,878 for the years ended December 31, 2022 and 2021, respectively. 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 9: 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 10: 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, 2022 and 2021, the Board has commitments of approximately \$102,000 and \$156,000 for future scholarship disbursements and has internally designated a portion of its net position for payment of these amounts.

Nebraska State Fair Board
Notes to Financial Statements
December 31, 2022 and 2021

Note 10: Commitments and Contingencies - Continued

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.

Supplementary Information

Nebraska State Fair Board
Schedules of Fair Operations
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Admissions/fair	\$ 1,196,371	\$ 1,035,130
Carnival	503,658	394,391
Entertainment	906,133	353,682
Food/beverage service	511,435	342,046
Campgrounds	55,813	42,268
Departmental receipts	749,726	619,464
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Miscellaneous	243,236	212,816
Intergovernmental revenues	5,869,477	5,598,498
	<u>12,169,977</u>	<u>10,727,396</u>
Expenses		
Department premiums/awards	531,200	444,950
Taxes	133,445	126,469
Insurance	369,257	306,326
Wages	1,949,127	1,599,588
Professional services	1,558,026	1,497,845
Equipment rental	810,426	459,985
Materials/supplies	390,592	282,333
Administrative	684,010	634,499
Entertainment	702,484	498,495
Food/beverage service	190,889	129,516
Advertising/promotion	439,636	282,794
Fair department expenses	791,000	638,500
Utilities	117,236	101,303
In-kind sponsorship expenses	359,803	397,510
Miscellaneous	-	1,975
	<u>9,027,131</u>	<u>7,402,088</u>
Change in Net Position Before Depreciation, Interest Expense and Other Income (Expenses)	<u>3,142,846</u>	<u>3,325,308</u>
Depreciation, Interest Expense and Other Income (Expenses)		
Depreciation expense	(660,571)	(748,295)
Interest expense	(135,580)	(220,627)
PPP loan forgiveness	-	908,321
Grants	-	25,000
Other income	34,464	168,829
	<u>(761,687)</u>	<u>133,228</u>
Change in Net Position	<u>\$ 2,381,159</u>	<u>\$ 3,458,536</u>