

# Nebraska State Fair Board

## Auditor's Report and Financial Statements

December 31, 2013 and 2012



# Nebraska State Fair Board

December 31, 2013 and 2012

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## Independent Auditor's Report

Board of Directors  
Nebraska State Fair Board  
Grand Island, Nebraska

We have audited the accompanying basic financial statements, which are comprised of the balance sheets as of December 31, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements of the Nebraska State Fair Board.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska State Fair Board as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *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 Nebraska State Fair Board's basic financial statements. The schedules of fair operations listed in the table of contents, 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 audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

Lincoln, Nebraska  
July 17, 2014

# Nebraska State Fair Board

## Balance Sheets

December 31, 2013 and 2012

### Assets

	2013	2012
<b>Current Assets</b>		
Cash	\$ 1,767,441	\$ 220,894
Accounts receivable	87,712	42,506
Accounts receivable - intergovernmental	1,035,164	1,129,958
Certificate of deposit	9,864	9,864
Prepaid expenses	27,222	19,905
Total current assets	2,927,403	1,423,127
<b>Capital Assets, Net</b>	12,121,188	8,718,965
Total assets	\$ 15,048,591	\$ 10,142,092

### Liabilities and Net Position

<b>Current Liabilities</b>		
Accounts payable	\$ 1,349,171	\$ 393,166
Accrued liabilities	130,803	140,147
Unearned revenue	559,330	605,722
Current portion - long-term debt	375,705	180,784
Total current liabilities	2,415,009	1,319,819
<b>Noncurrent Liabilities</b>		
Compensated absences	27,240	21,482
Contributions payable	200,000	-
Long-term debt, net of current portion	5,109,858	2,437,286
Total noncurrent liabilities	5,337,098	2,458,768
Total liabilities	7,752,107	3,778,587
<b>Net Position</b>		
Net investment in capital assets	5,585,633	5,975,576
Unrestricted	1,710,851	387,929
Total net position	7,296,484	6,363,505
Total liabilities and net position	\$ 15,048,591	\$ 10,142,092

# Nebraska State Fair Board

## Statements of Revenues, Expenses and Changes in Net Position

### Years Ended December 31, 2013 and 2012

	2013	2012
<b>Operating Revenues</b>		
Admissions/fair	\$ 1,288,394	\$ 1,273,098
Carnival	319,683	46,729
Entertainment	435,334	361,621
Food/beverage service	239,573	192,777
Campgrounds	50,105	42,766
Livestock show	6,500	213,020
Departmental receipts	150,339	118,369
Departmental sponsorships	14,593	2,875
Space rental and storage	555,977	540,179
Other commissions	21,604	26,914
Sponsorships (nondepartmental)	632,764	513,022
Non-cash sponsorships	201,000	217,600
Miscellaneous	2,770	6,465
<b>Total operating revenues</b>	<u>3,918,636</u>	<u>3,555,435</u>
<b>Operating Expenses</b>		
Department premiums/awards	281,183	255,720
Taxes	220,316	218,064
Insurance	222,582	181,323
Wages	1,072,552	1,134,171
Professional services	910,158	949,413
Equipment rental	334,159	393,786
Material/supplies	168,062	207,991
Administrative	396,950	393,883
Entertainment	1,161,042	1,161,147
Food/beverage service	89,275	73,174
Livestock show	2,742	179,769
Advertising/promotion	470,345	420,534
Fair department expenses	389,588	375,757
Utilities	162,343	153,646
Depreciation expense	720,566	693,915
In-kind sponsorship expenses (non-cash)	201,000	217,600
Miscellaneous	8,067	9,531
<b>Total operating expenses</b>	<u>6,810,930</u>	<u>7,019,424</u>
<b>Operating Loss</b>	<u>(2,892,294)</u>	<u>(3,463,989)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Intergovernmental revenues	4,348,341	4,285,756
Contributions	(500,000)	-
Capital contributions	67,500	25,000
Interest income	4,159	3,593
Interest expense	(96,027)	(133,512)
Gain on sale of capital assets	1,300	117,566
<b>Net nonoperating revenues</b>	<u>3,825,273</u>	<u>4,298,403</u>
<b>Increase in Net Position</b>	932,979	834,414
<b>Net Position, Beginning of Year</b>	<u>6,363,505</u>	<u>5,529,091</u>
<b>Net Position, End of Year</b>	<u><u>\$ 7,296,484</u></u>	<u><u>\$ 6,363,505</u></u>



# Nebraska State Fair Board

## Statements of Cash Flows

### Years Ended December 31, 2013 and 2012

	2013	2012
<b>Operating Activities</b>		
Receipts from customers	\$ 3,638,538	\$ 3,873,013
Payments to employees	(1,070,283)	(1,127,204)
Payments to suppliers	(5,103,555)	(5,112,560)
Net cash used in operating activities	<u>(2,535,300)</u>	<u>(2,366,751)</u>
<b>Noncapital Financing Activities</b>		
Intergovernmental revenue	4,443,135	4,105,519
Net payments on line of credit	-	(150,000)
Net cash provided by noncapital financing activities	<u>4,443,135</u>	<u>3,955,519</u>
<b>Capital and Related Financing Activities</b>		
Purchase of capital assets	(3,138,213)	(893,285)
Proceeds from issuance of long-term debt	3,062,502	-
Proceeds from sale of capital assets	1,300	118,403
Principal payments on capital leases and long-term debt	(195,009)	(604,749)
Interest payments	(96,027)	(133,512)
Net cash used in capital and related financing activities	<u>(365,447)</u>	<u>(1,513,143)</u>
<b>Investing Activities</b>		
Interest receipts	4,159	3,593
Net cash provided by investing activities	<u>4,159</u>	<u>3,593</u>
<b>Increase in Cash</b>	<u>1,546,547</u>	<u>79,218</u>
<b>Cash, Beginning of Year</b>	<u>220,894</u>	<u>141,676</u>
<b>Cash, End of Year</b>	<u>\$ 1,767,441</u>	<u>\$ 220,894</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (2,892,294)	\$ (3,463,989)
Depreciation	720,566	693,915
Changes in operating assets and liabilities		
Accounts receivable	(37,706)	15,719
Prepaid expenses	(7,317)	(16,465)
Accounts payable	(273,571)	(117,312)
Accrued liabilities and compensated absences	(3,586)	1,922
Unearned revenue	(41,392)	519,459
<b>Net Cash Used in Operating Activities</b>	<u>\$ (2,535,300)</u>	<u>\$ (2,366,751)</u>
<b>Supplemental Cash Flows Information</b>		
Accounts payable incurred for purchase of capital assets	\$ 979,893	\$ 50,317
Gain on sale of capital assets	\$ 1,300	\$ 117,566
In-kind contribution of capital assets	\$ 55,000	\$ 100,000

# **Nebraska State Fair Board**

## **Notes to Financial Statements**

**December 31, 2013 and 2012**

### **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 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 assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are 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.

#### ***Accounts Receivable***

Accounts receivable consist primarily of amounts due from operations and reimbursements from the Nebraska State Fair Park Foundation for wages and benefits paid on the Foundation's behalf. Accounts receivable – intergovernmental represents 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, 2013 and 2012

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

#### ***Capital Assets***

Capital assets are reported at original cost. Leasehold 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 leasehold improvements	3 – 50 years
Equipment	3 – 10 years

#### ***Unearned Revenue***

Unearned revenue consists of prepaid ticket sales, in-kind revenue being recognized over the term of the agreement and sponsorship revenue being recognized over the term of the agreement. There was \$488,438 and \$529,688 of sponsorship revenue remaining at December 31, 2013 and 2012, which is to be recognized between 2013 and 2022. There was \$70,099 and \$75,000 of in-kind revenue remaining at December 31, 2013 and 2012, which is to be recognized over the next two and three years, respectively.

#### ***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, 2013 and 2012, \$261,000 and \$242,600, respectively, was received in in-kind contributions and recognized as noncash sponsorships and capital contributions. For the years ended December 31, 2013 and 2012, \$201,000 and \$217,600, respectively, was recognized as expenses.

#### ***Compensated Absences***

During 2013, the Board adopted a new compensated absence policy. Board policies permit most employees to accumulate managed time off (MTO) that may be realized as paid time off. Expense and the related liability are recognized as MTO benefits are earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2013 and 2012

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

#### ***Compensated Absences - Continued***

During 2012, Board policies permitted most employees to accumulate vacation and sick leave benefits that may be realized as paid time off. Expense and the related liability were recognized as vacation benefits were earned. Expense and the related liability for sick leave benefits were recognized when earned and recorded at 25% of the amount incurred for employees 55 years of age and over as this represented the amount that will be paid when employees separate from service with the Board. For employees under 55 years of age, sick leave benefits expected to be realized as paid time off were recognized as expense when the time off occurred and no liability was accrued for such benefits employees had earned but not yet realized. Compensated absence liabilities were 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, rental of facilities 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 rental.

**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 by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, 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 tax returns in the U.S. federal jurisdiction. With a few exceptions, the Board is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2013 and 2012

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

#### *Taxes Collected from Customers and Remitted to Governmental Authorities*

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying statement of revenues, expenses and changes in net position on a gross basis. The amount of taxes presented on a gross basis in the accompanying financial statements was \$129,132 and \$125,461 for the years ended December 31, 2013 and 2012, respectively.

### 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. The Board's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At December 31, 2013, the Board's cash accounts exceeded federally insured limits by approximately \$1,574,000.

Nebraska state law does not allow for collateralization of deposits in excess of FDIC limits for entities other than political subdivisions.

#### *Summary of Carrying Values*

The carrying values of deposits are included in the balance sheets as follows:

	2013	2012
Carrying value		
Deposits	<u>\$ 1,777,305</u>	<u>\$ 230,758</u>
	2013	2012
Included in the following balance sheet captions		
Cash	\$ 1,767,441	\$ 220,894
Certificate of deposit	<u>9,864</u>	<u>9,864</u>
	<u>\$ 1,777,305</u>	<u>\$ 230,758</u>

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2013 and 2012

### Note 3: Capital Assets

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

2013					
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	7,085,541	51,492	-	-	7,137,033
Equipment and vehicles	3,669,973	277,146	18,554	-	3,928,565
Construction in progress	60,870	3,794,152	-	-	3,855,022
	<u>10,856,617</u>	<u>4,122,790</u>	<u>18,554</u>	<u>-</u>	<u>14,960,853</u>
Accumulated depreciation					
Buildings and leasehold improvements	440,849	215,913	-	-	656,762
Equipment and vehicles	1,696,803	504,654	18,554	-	2,182,903
	<u>2,137,652</u>	<u>720,567</u>	<u>18,554</u>	<u>-</u>	<u>2,839,665</u>
Net capital assets	<u>\$ 8,718,965</u>	<u>\$ 3,402,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,121,188</u>

  

2012					
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	6,120,932	57,363	-	907,246	7,085,541
Equipment and vehicles	3,348,765	445,759	124,551	-	3,669,973
Construction in progress	427,637	540,479	-	(907,246)	60,870
	<u>9,937,567</u>	<u>1,043,601</u>	<u>124,551</u>	<u>-</u>	<u>10,856,617</u>
Accumulated depreciation					
Buildings and leasehold improvements	250,539	190,310	-	-	440,849
Equipment and vehicles	1,316,913	503,605	123,715	-	1,696,803
	<u>1,567,452</u>	<u>693,915</u>	<u>123,715</u>	<u>-</u>	<u>2,137,652</u>
Net capital assets	<u>\$ 8,370,115</u>	<u>\$ 349,686</u>	<u>\$ 836</u>	<u>\$ -</u>	<u>\$ 8,718,965</u>

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2013 and 2012

### Note 4: Long-term Liabilities

#### *Long-term Debt*

Long-term debt included the following at December 31, 2013 and 2012:

	2013	2012
Note payable, bank (A)	\$ -	\$ 2,614,684
Note payable, bank (B)	5,485,563	-
Capital lease obligations (C)	-	3,386
	5,485,563	2,618,070
Less current maturities	375,705	180,784
	<u>\$ 5,109,858</u>	<u>\$ 2,437,286</u>

- (A) Due December 10, 2016; payable in quarterly installments of \$76,210 including interest at 5% with a balloon payment of \$1,849,000; secured by property, equipment and rights to the lottery proceeds. Note originally due November 10, 2015. On December 2, 2011, the note was refinanced with the bank to equal draw payments made during the year to bring the balance back to \$3,200,000 and the maturity was extended until December 10, 2016. The note was subsequently rolled into a new note. See (B) below.
- (B) Provides for borrowings up to \$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 October 10, 2013. Interest is 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%. Beginning June 10, 2023, interest is payable monthly at the weekly average yield on 10 year United States treasury securities plus a margin of 2% with a floor of 4%. The rate will reset every five years thereafter until maturity on May 10, 2033.
- (C) Capital leases included leases of property and equipment expiring in 2013. Upon expiration, equipment became the property of the Board.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2013 and 2012

### Note 4: Long-term Liabilities - Continued

Aggregate annual maturities of long-term debt at December 31, 2013, are:

	Total to be Paid	Principal	Interest
2014	\$ 588,289	\$ 375,705	\$ 212,584
2015	588,289	391,011	197,278
2016	588,289	406,942	181,347
2017	588,289	423,521	164,768
2018	588,289	440,776	147,513
2019-2023	2,941,445	2,488,337	453,108
2024-2025	993,654	959,271	34,383
	<u>\$ 6,876,544</u>	<u>\$ 5,485,563</u>	<u>\$ 1,390,981</u>

The following is a summary of long-term liability transactions of the Board for the years ended December 31, 2013 and 2012:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
<b>2013</b>					
Capital lease obligations	\$ 3,386	\$ -	\$ 3,386	\$ -	\$ -
Notes payable	2,614,684	5,587,989	2,717,110	5,485,563	375,705
	<u>\$ 2,618,070</u>	<u>\$ 5,587,989</u>	<u>\$ 2,720,496</u>	<u>\$ 5,485,563</u>	<u>\$ 375,705</u>
<b>2012</b>					
Capital lease obligations	\$ 22,819	\$ -	\$ 19,433	\$ 3,386	\$ 3,386
Note payable	3,200,000	-	585,316	2,614,684	177,398
	<u>\$ 3,222,819</u>	<u>\$ -</u>	<u>\$ 604,749</u>	<u>\$ 2,618,070</u>	<u>\$ 180,784</u>

### Other Long-term Liabilities

Other changes in long-term liabilities included the payments and accrual of compensated absences, and contributions to the City of Grand Island to be paid through 2016.

# **Nebraska State Fair Board**

## **Notes to Financial Statements**

**December 31, 2013 and 2012**

### **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 \$4,348,341 and \$4,285,756 classified as intergovernmental revenue during the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, approximately \$1,035,000 and \$1,130,000, respectively, was recorded as a receivable for fourth quarter lottery activity.

### **Note 6: Related Party Transactions**

As of December 31, 2013 and 2012, accounts receivable includes \$27,578 and \$14,292, respectively, due from Nebraska State Fair Park Foundation (the Foundation) for payroll and other benefits paid by the Board for an employee of the Foundation.

The Board's notes payable at December 31, 2013 and 2012, are held by a bank owned by member of the board.

### **Note 7: Pension Plan**

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. For each of the years ended December 31, 2013 and 2012, the Board made contributions of 3% 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 each of the years ended December 31, 2013 and 2012, the Board made contributions of 3% of qualifying wages. Total employer contributions to both plans were \$14,767 and \$14,258 for the years ended December 31, 2013 and 2012, respectively, and were fully funded at the end of each year.

### **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.



# **Nebraska State Fair Board**

## **Notes to Financial Statements**

**December 31, 2013 and 2012**

### **Note 9: Commitments and Contingencies**

#### ***Litigation***

The Board is subject to various claims and lawsuits that arose 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.

#### ***Unemployment Taxes***

The Board pays unemployment taxes on a reimbursement basis. The Board has estimated accruals as of December 31, 2013 and 2012; however, events could occur that would change these estimates materially in the near term.

#### ***Construction Commitment***

The Board has entered into a contract for the construction of an administrative building. At December 31, 2013, the outstanding commitment under this contract totaled approximately \$2,080,000.

### **Note 10: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statement were available to be issued.

## **Supplementary Information**

**Nebraska State Fair Board**  
**Schedules of Fair Operations**  
**Years Ended December 31, 2013 and 2012**

	2013	2012
<b>Revenues</b>		
Admissions/fair	\$ 1,288,394	\$ 1,273,098
Carnival	319,683	46,729
Entertainment	435,334	361,621
Food/beverage service	239,573	192,777
Campgrounds	50,105	42,766
Livestock show	6,500	213,020
Departmental receipts	150,339	118,369
Departmental sponsorships	14,593	2,875
Space rental and storage	555,977	540,179
Other commissions	21,604	26,914
Sponsorships (nondepartmental)	632,764	513,022
Non-cash sponsorships	201,000	217,600
Miscellaneous	2,770	6,465
Intergovernmental revenues	4,348,341	4,285,756
<b>Total revenues</b>	<b>8,266,977</b>	<b>7,841,191</b>
<b>Expenses</b>		
Department premiums/awards	281,183	255,720
Taxes	220,316	218,064
Insurance	222,582	181,323
Wages	1,072,552	1,134,171
Professional services	910,158	949,413
Equipment rental	334,159	393,786
Material/supplies	168,062	207,991
Administrative	396,950	393,883
Entertainment	1,161,042	1,161,147
Food/beverage service	89,275	73,174
Livestock show	2,742	179,769
Advertising/promotion	470,345	420,534
Fair department expenses	389,588	375,757
Utilities	162,343	153,646
In-kind sponsorship expenses (non-cash)	201,000	217,600
Miscellaneous	8,067	9,531
<b>Total expenses</b>	<b>6,090,364</b>	<b>6,325,509</b>
<b>Net Income Before Depreciation, Interest Expense and Other Income (Expenses)</b>	<b>2,176,613</b>	<b>1,515,682</b>
<b>Depreciation, Interest Expense and Other Income (Expenses)</b>		
Depreciation expense	(720,566)	(693,915)
Interest expense	(96,027)	(133,512)
Gain on sale of capital assets	1,300	117,566
Other income	4,159	3,593
Contributions	(500,000)	-
Capital contributions	67,500	25,000
<b>Net depreciation, interest expense and other income</b>	<b>(1,243,634)</b>	<b>(681,268)</b>
<b>Change in Net Position</b>	<b>\$ 932,979</b>	<b>\$ 834,414</b>



P.O. Box 1387 • 1811 W 2nd Street, Suite 440 • Grand Island, NE 68802 • P 308.382.1620 • F 308.384.1555 • StateFair.org

July 24, 2014

Mike Foley  
Auditor of Public Accounts  
State Capitol, Ste 2303  
PO Box 98917  
Lincoln NE 68509-8917

Dear Mr. Foley,

Please find enclosed a copy of the Nebraska State Fair Board Accountants Report and Financial Statement ending on December 31, 2013. The report is completed and provided to the Nebraska State Fair by the firm of BKD CPA's & Advisors in Lincoln, NE.

These reports reflect the fourth year of the Nebraska State Fair. After perusal, I'm sure you will find that the Nebraska State Fair is very strong financially as we enter our fifth year of providing Nebraskan's with the state's largest entertainment event.

Should you have any questions or comments about the accountants' report, don't hesitate to contact me personally, as I'll be happy to assist you in any way I can.

Best Regards,

Joseph McDermott, CFE  
Executive Director  
Nebraska State Fair

Enclosure

cc: The Honorable Dave Heineman, Governor of Nebraska  
Cindy Miserez, DAS Budget Division  
Linda Duester, Five Points Bank