

# Nebraska State Fair Board

## Independent Auditor's Report and Financial Statements

December 31, 2016 and 2015



**BKD**<sup>LLP</sup>  
CPAs & Advisors

**Nebraska State Fair Board**  
**December 31, 2016 and 2015**

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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 of the Nebraska State Fair Board, which comprise the balance sheets as of December 31, 2016 and 2015, 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.

### *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 Nebraska State Fair Board as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years 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 14, 2017

# Nebraska State Fair Board

## Balance Sheets

December 31, 2016 and 2015

### Assets

	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash	\$ 823,760	\$ 888,449
Accounts receivable	347,995	436,194
Accounts receivable - intergovernmental	1,089,934	988,608
Certificate of deposit	9,864	9,864
Prepaid expenses	32,132	33,431
	<u>2,303,685</u>	<u>2,356,546</u>
<b>Capital Assets, Net</b>	<u>13,951,710</u>	<u>13,941,549</u>
<b>Total assets</b>	<u>\$ 16,255,395</u>	<u>\$ 16,298,095</u>

### Liabilities and Net Position

<b>Current Liabilities</b>		
Accounts payable	\$ 206,343	\$ 161,600
Accrued liabilities	252,352	544,018
Unearned revenue	341,305	416,545
Current portion - long-term debt	336,876	323,756
	<u>1,136,876</u>	<u>1,445,919</u>
<b>Noncurrent Liabilities</b>		
Compensated absences	33,691	30,058
Long-term debt, net of current portion	6,102,073	6,436,761
	<u>6,135,764</u>	<u>6,466,819</u>
<b>Total liabilities</b>	<u>7,272,640</u>	<u>7,912,738</u>
<b>Net Position</b>		
Net investment in capital assets	7,492,761	7,175,937
Unrestricted	1,489,994	1,209,420
	<u>8,982,755</u>	<u>8,385,357</u>
<b>Total liabilities and net position</b>	<u>\$ 16,255,395</u>	<u>\$ 16,298,095</u>

**Nebraska State Fair Board**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Admissions/fair	\$ 1,426,502	\$ 1,295,620
Carnival	345,222	360,602
Entertainment	851,480	1,091,530
Food/beverage service	336,415	357,352
Campgrounds	51,465	51,203
Departmental receipts	265,931	258,753
Departmental sponsorships	30,085	11,420
Space rental and storage	693,474	674,392
Other commissions	17,865	29,563
Sponsorships (nondepartmental)	645,950	667,199
Non-cash sponsorships	202,300	167,300
Miscellaneous	44,212	26,310
Total operating revenues	<u>4,910,901</u>	<u>4,991,244</u>
<b>Operating Expenses</b>		
Department premiums/awards	365,475	332,170
Taxes	301,101	302,057
Insurance	283,680	233,098
Wages	1,323,991	1,180,902
Professional services	1,034,953	954,955
Equipment rental	406,379	396,607
Material/supplies	216,451	212,553
Administrative	440,120	413,772
Entertainment	2,031,778	1,742,996
Food/beverage service	103,451	105,633
Livestock show	970	1,540
Advertising/promotion	598,108	493,998
Fair department expenses	485,775	514,538
Utilities	253,221	198,410
Depreciation expense	958,832	917,848
In-kind sponsorship expenses (non-cash)	202,300	167,300
Miscellaneous	32,205	13,315
Total operating expenses	<u>9,038,790</u>	<u>8,181,692</u>
<b>Operating Loss</b>	<u>(4,127,889)</u>	<u>(3,190,448)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Intergovernmental revenues	4,972,722	4,076,824
Contributions	-	(25,000)
Interest income	6,827	5,856
Interest expense	(264,569)	(276,503)
Gain on sale of capital assets	107	489
Other income	200	-
Net nonoperating revenues	<u>4,715,287</u>	<u>3,781,666</u>
<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	<u>587,398</u>	<u>591,218</u>
Capital contributions	10,000	43,000
<b>Increase in Net Position</b>	<u>597,398</u>	<u>634,218</u>
<b>Net Position, Beginning of Year</b>	<u>8,385,357</u>	<u>7,751,139</u>
<b>Net Position, End of Year</b>	<u>\$ 8,982,755</u>	<u>\$ 8,385,357</u>

**Nebraska State Fair Board**  
**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Receipts from customers	\$ 4,701,560	\$ 4,646,855
Payments to employees	(1,309,301)	(1,176,007)
Payments to suppliers	<u>(6,805,253)</u>	<u>(5,973,101)</u>
Net cash used in operating activities	<u>(3,412,994)</u>	<u>(2,502,253)</u>
<b>Noncapital Financing Activities</b>		
Intergovernmental revenue	4,871,396	4,037,278
Contributions	<u>-</u>	<u>(25,000)</u>
Net cash provided by noncapital financing activities	<u>4,871,396</u>	<u>4,012,278</u>
<b>Capital and Related Financing Activities</b>		
Purchase of capital assets	(944,181)	(758,470)
Contributions for capital assets	-	8,000
Proceeds from sale of capital assets	200	489
Principal payments on capital leases and long-term debt	(321,568)	(311,070)
Interest payments	<u>(264,569)</u>	<u>(276,503)</u>
Net cash used in capital and related financing activities	<u>(1,530,118)</u>	<u>(1,337,554)</u>
<b>Investing Activities</b>		
Interest receipts	6,827	5,856
Other receipts	<u>200</u>	<u>-</u>
Net cash provided by investing activities	<u>7,027</u>	<u>5,856</u>
<b>Increase (Decrease) in Cash</b>	<u>(64,689)</u>	<u>178,327</u>
<b>Cash, Beginning of Year</b>	<u>888,449</u>	<u>710,122</u>
<b>Cash, End of Year</b>	<u>\$ 823,760</u>	<u>\$ 888,449</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (4,127,889)	\$ (3,190,448)
Depreciation	958,832	917,848
Changes in operating assets and liabilities		
Accounts receivable	88,199	(122,510)
Prepaid expenses	1,299	(14,931)
Accounts payable	49,838	57,619
Accrued liabilities and compensated absences	(288,033)	(95,252)
Unearned revenue	<u>(95,240)</u>	<u>(54,579)</u>
<b>Net Cash Used in Operating Activities</b>	<u>\$ (3,412,994)</u>	<u>\$ (2,502,253)</u>
<b>Supplemental Cash Flows Information</b>		
Accounts payable incurred for purchase of capital assets	\$ -	\$ 5,095
Gain on sale of capital assets	\$ 107	\$ 489
In-kind contribution of capital assets	\$ 30,000	\$ 35,000
Insurance recovery receivable for accrued liability	\$ -	\$ 200,000

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2016 and 2015

### 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. The amounts due from the Nebraska State Fair Park Foundation in 2015 were for wages and benefits paid on the Foundation's behalf. Amounts due from the Foundation in 2016 were for reimbursement on expenditures related to the open arena project. 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, 2016 and 2015**

**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 \$339,687 and \$416,138 of sponsorship revenue remaining at December 31, 2016 and 2015, respectively, which is to be recognized between 2017 and 2022.

***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, 2016 and 2015, \$212,300 and \$202,300, respectively, was received in in-kind contributions and recognized as noncash sponsorships and capital contributions. For the years ended December 31, 2016 and 2015, \$202,300 and \$167,300, respectively, was recognized as expenses.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2016 and 2015

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

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

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.

#### ***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, 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.

**Nebraska State Fair Board**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**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 \$192,048 and \$199,853 for the years ended December 31, 2016 and 2015, 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, 2016, the Board's cash accounts exceeded federally insured limits by approximately \$753,000.

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:

	<b>2016</b>	<b>2015</b>
Carrying value		
Deposits	\$ 833,624	\$ 898,313
	<b>2016</b>	<b>2015</b>
Included in the following balance sheet captions		
Cash	\$ 823,760	\$ 888,449
Certificate of deposit	9,864	9,864
	\$ 833,624	\$ 898,313

**Nebraska State Fair Board**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**Note 3: Capital Assets**

Capital asset activity for the years ended December 31, 2016 and 2015 was as follows:

	2016				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	13,882,997	442,357	-	48,394	14,373,748
Equipment and vehicles	4,504,730	526,728	200	-	5,031,258
Construction in progress	94,320	-	-	(48,394)	45,926
	<u>18,522,280</u>	<u>969,085</u>	<u>200</u>	<u>-</u>	<u>19,491,165</u>
Accumulated depreciation					
Buildings and leasehold improvements	1,340,387	408,514	-	-	1,748,901
Equipment and vehicles	3,240,344	550,318	108	-	3,790,554
	<u>4,580,731</u>	<u>958,832</u>	<u>108</u>	<u>-</u>	<u>5,539,455</u>
Net capital assets	<u>\$ 13,941,549</u>	<u>\$ 10,253</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 13,951,710</u>
	2015				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 40,233	\$ -	\$ -	\$ -	\$ 40,233
Buildings and leasehold improvements	13,485,793	397,204	-	-	13,882,997
Equipment and vehicles	4,384,962	119,768	-	-	4,504,730
Construction in progress	65,127	29,193	-	-	94,320
	<u>17,976,115</u>	<u>546,165</u>	<u>-</u>	<u>-</u>	<u>18,522,280</u>
Accumulated depreciation					
Buildings and leasehold improvements	959,012	381,375	-	-	1,340,387
Equipment and vehicles	2,703,871	536,473	-	-	3,240,344
	<u>3,662,883</u>	<u>917,848</u>	<u>-</u>	<u>-</u>	<u>4,580,731</u>
Net capital assets	<u>\$ 14,313,232</u>	<u>\$ (371,683)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,941,549</u>

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2016 and 2015

### Note 4: Long-term Liabilities

#### Long-term Debt

Long-term debt included the following at December 31, 2016 and 2015:

	2016	2015
Note payable, bank (A)	\$ 6,438,949	\$ 6,760,517
Less current maturities	336,876	323,756
	\$ 6,102,073	\$ 6,436,761

- (A) 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. Based on the amount borrowed, final payment will be due May 10, 2031.

Aggregate annual maturities of long-term debt at December 31, 2016, are:

	<b>Long-term Debt</b>		
	<b>Total to be Paid</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 588,289	\$ 336,876	\$ 251,413
2018	588,289	350,601	237,688
2019	588,289	364,885	223,404
2020	588,289	379,732	208,557
2021	588,289	395,222	193,067
2022-2026	2,941,445	2,231,676	709,769
2027-2031	2,600,005	2,379,957	220,048
	\$ 8,482,895	\$ 6,438,949	\$ 2,043,946

**Nebraska State Fair Board**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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

The following is a summary of long-term liability transactions of the Board for the years ended December 31, 2016 and 2015:

2016	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes payable	<u>\$ 6,760,517</u>	<u>\$ -</u>	<u>\$ 321,568</u>	<u>\$ 6,438,949</u>	<u>\$ 336,876</u>
<b>2015</b>					
Note payable	<u>\$ 7,071,587</u>	<u>\$ -</u>	<u>\$ 311,070</u>	<u>\$ 6,760,517</u>	<u>\$ 323,756</u>

***Other Long-term Liabilities***

Other changes in long-term liabilities include the payments and accrual of compensated absences, and contributions to the City of Grand Island to be paid through 2017.

**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 \$4,972,722 and \$4,076,824 classified as intergovernmental revenue during the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, approximately \$1,090,000 and \$989,000, respectively, was recorded as a receivable for fourth quarter lottery activity.

**Note 6: Related Party Transactions**

As of December 31, 2016 and 2015, accounts receivable includes \$270,220 and \$4,364, respectively, due from Nebraska State Fair Park Foundation (the Foundation). At December 31, 2016, accounts receivable includes \$270,220 due from the Nebraska State Fair Park Foundation which was committed for construction of an outdoor arena. The amounts due at December 31, 2015 were for payroll and other benefits for an employee of the Foundation or other operating expenses paid by the Board.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2016 and 2015

### **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. Forfeitures are distributed to participants in proportion of their compensation to total compensation. For each of the years ended December 31, 2016 and 2015, 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, 2016 and 2015, the Board made contributions of 3% of qualifying wages. Total employer contributions to both plans were \$16,499 and \$15,146 for the years ended December 31, 2016 and 2015, 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.

### **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, 2016 and 2015; however, events could occur that would change these estimates materially in the near term.

# Nebraska State Fair Board

## Notes to Financial Statements

December 31, 2016 and 2015

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

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

## **Supplementary Information**

**Nebraska State Fair Board**  
**Schedules of Fair Operations**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Admissions/fair	\$ 1,426,502	\$ 1,295,620
Carnival	345,222	360,602
Entertainment	851,480	1,091,530
Food/beverage service	336,415	357,352
Campgrounds	51,465	51,203
Departmental receipts	265,931	258,753
Departmental sponsorships	30,085	11,420
Space rental and storage	693,474	674,392
Other commissions	17,865	29,563
Sponsorships (nondepartmental)	645,950	667,199
Non-cash sponsorships	202,300	167,300
Miscellaneous	44,212	26,310
Intergovernmental revenues	<u>4,972,722</u>	<u>4,076,824</u>
Total revenues	<u>9,883,623</u>	<u>9,068,068</u>
<b>Expenses</b>		
Department premiums/awards	365,475	332,170
Taxes	301,101	302,057
Insurance	283,680	233,098
Wages	1,323,991	1,180,902
Professional services	1,034,953	954,955
Equipment rental	406,379	396,607
Material/supplies	216,451	212,553
Administrative	440,120	413,772
Entertainment	2,031,778	1,742,996
Food/beverage service	103,451	105,633
Livestock show	970	1,540
Advertising/promotion	598,108	493,998
Fair department expenses	485,775	514,538
Utilities	253,221	198,410
In-kind sponsorship expenses (non-cash)	202,300	167,300
Miscellaneous	<u>32,205</u>	<u>13,315</u>
Total expenses	<u>8,079,958</u>	<u>7,263,844</u>
<b>Net Income Before Depreciation, Interest Expense and Other Income (Expenses)</b>	<u>1,803,665</u>	<u>1,804,224</u>
<b>Depreciation, Interest Expense and Other Income (Expenses)</b>		
Depreciation expense	(958,832)	(917,848)
Interest expense	(264,569)	(276,503)
Gain on sale of capital assets	107	489
Other income	7,027	5,856
Contributions	-	(25,000)
Capital contributions	<u>10,000</u>	<u>43,000</u>
Net depreciation, interest expense and other income	<u>(1,206,267)</u>	<u>(1,170,006)</u>
<b>Change in Net Position</b>	<u>\$ 597,398</u>	<u>\$ 634,218</u>



P.O. Box 1387 ◦ 501 E Fonner Park Road, Suite 200 ◦ Grand Island, NE 68802 ◦ P 308.382.1620 ◦ F 308.384.1555 ◦ StateFair.org

August 3, 2017

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



Dear Mr. Janssen,

Please find enclosed a copy of the Nebraska State Fair Board Accountants Report and Financial Statement ending on December 31, 2016. 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 seventh year of the Nebraska State Fair since the move to Grand Island. After perusal, I'm sure you will find that the Nebraska State Fair is very strong financially as we enter our eighth 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: Governor Pete Ricketts, Governor  
Gerry Oligmueller, DAS Budget Division