



## 2023 Budget Narrative

Presented to Nebraska State Fair Board on December 16, 2022

Nebraska State Fair is an annual 11-day event that is held at the end of August ending on Labor Day in Grand Island, NE. Celebrating 154 years of entertaining families, the State Fair is home to arguably the finest facilities in the country hosting competitive livestock and draft horse shows, a milking parlor and birthing pavilion, a gift shop, and a large indoor shopping experience. The State Fair brings to Nebraska the state's largest carnival, and features more than 60 food stands, competitive exhibits, a wide variety of ground entertainment, equine shows, and motor sports. It is the rightful owner of the Aksarben Stock Show, a remarkable and historied Livestock Show that brings together livestock competitors from a 14-state region. Aksarben Stock Show will be held September 21 – 24 in 2023.

### **Dept 01: EVENTS**

Revenues: UP by 3% more than 2022. We forecast ticket sales of Gate Admission, Motor Sports, Dirt Events, and Concerts to be UP in 2023. We are asking for some increase in spending so the quality of the ticketed events can afford us more opportunity in revenue.

Expenses: UP by 18% over 2022. The cost of entertainment and acts continues to increase. We propose to increase CONCERT ACT FEES to \$750,000 instead of the \$594,000 that the Fair paid in 2022. We plan to bring a new motorsport and a new dirt event to the 23 Fair, seasonal wages, equipment rental, and overall event fees are planned to cover increased costs in 2023. Staff development was formerly itemized in Admin and for 2023, we are breaking this line item out into the Departments. Karli is planning to complete her IFM Classes in 2023 and that includes required travel to IAFE Summit.

### **Dept 02: MARKETING and SPONSORSHIP**

Revenues: UP by 21%. We are still discussing the best, reasonable goal here. The current, \$660,024 represents the annual State Fair, sponsor commitments, LESS the anticipated hard costs of fulfilling the agreements. Hard costs include admissions at the Fair gates, motorsports, dirt events, and concerts. We have a current goal to provide Partners with a Return on Investment of at least 1:1.5 ratio, we want to fulfil that ratio with no more than 40% of hard costs. Some partnerships are dependent on the hard cost items. We are exploring opportunities via current and previous partners, but also taking a strong look outside the existing Nebraska box to try to find partnership on a more regional and national level.

Expenses: DOWN by 2% over 2022. Planning to save some on Printing, and Agency fees. We plan to provide better partner hospitality and a slight increase in media buys as well.

### **Dept 03: SALES**

Revenues: DOWN by 3%. We do plan to be up slightly in most Sales Dept revenue areas, but overall, we forecast less revenue in 2023 versus 2022. Part of this is due to the loss of indoor commercial space in the 4-H/FFA Building. The % income via Commercial/Concessions was particularly high in 2022. We contribute the 2022 increase at least in part to the near perfect weather of 2022 Fair. That # two-years in a row is less likely. We forecast a strong revenue for 2023, but realistically less than the 2022 number.

Expenses: UP by 10%. This 10% includes coverage for transaction fees, inflation, and the added breakout of Staff Development (SD is reduced in Admin and instead covered within Departments in 2023). Holle will be graduating from IAFE the Institute in 2023 and that does require some additional

expense of IAFE Summit. Add in the cost to bring street signs onto the Campus. We plan to sign State Fair Blvd, Main Street, Cowboy Way, and one more street (S of HEC) in 2023. The street sign project is mobile and for Fair time only.

#### **Dept 07: AGRICULTURE**

Revenues: DOWN by 8%. Conservative estimates in number of entries correlate to a conservative entry fee estimate. We are watching trends, being mindful of limitations, and hoping to outperform our goals.

Expenses: UP by 25%. The greater pieces of the increase in expense are from added premiums and awards for the Exhibitors, plus improved streaming, additional cost of labor, and expected/continued increase in cost of goods. Staff development was formerly itemized in Admin and for 2023, we are breaking this line item out into the Departments. Vaughn is planning to complete his IFM Classes in 2023 and that includes required travel to IAFE Summit.

#### **Dept 10: ADMINISTRATION**

Revenues: UP by 22.5%. While 2022 was a record year for Carnival, we still hope to see (aka we have budgeted for) an increase in 2023. We also look forward to growing gate admissions, naming rights, and interest income on investments. We also forecast the Lottery Revenue to be up in FY2023, as anticipated by the Nebraska Lottery Commission.

Expenses: UP by 29%. We are realistically anticipating increases in the cost of services including insurance, labor, and employee benefits. We have added in our intent to complete more certifications and training for general and specific safety training for our FTE and seasonal staff. Transportation was well over budget in 2022, so we are planning accordingly to maintain similar service provisions for 2023. Security and parking services are anticipated to increase in cost in 2023. Electronic transaction fees continue to increase as more and more people move to electronic payments to the Fair.

#### **Dept 11: OPERATIONS**

Expenses: UP by 19%. Much of this increase is LABOR and Equipment Rental. The Labor is off set some from ADMIN (Cleaning used to be captured in admin) but does include additional costs reflective of the increase in minimum wage. Equipment rental we hope to beat the plan here but want to be realistic and prepared for some increase in goods and services.

#### **Dept 13: BEVERAGE**

Revenues: UP 2% in 2023. After a 50% increase in gross sales in 2022, we are being cautious and optimistic that we maintain the increase of 2022. If/when we earn our walk-around license again for the 2023 Fair, I expect us to beat this number in 2023.

Expenses: UP by 4%. We do not intend to increase the rate of pay here in 2023, but we do anticipate a tenure bonus and recruiting bonus program. We are prepared to order more beverage product, so we don't run out. We also look forward to improvement in our time and quality of service. We will be adding cash only and/or beer only lines as well as improved training for our service providers.

#### **Dept 20: 4-H**

Revenues: DOWN by 6% from the 2022 Actuals, and UP 4% from the 2022 Budget. We are showing intent to split the difference between what we budgeted for 2022 and where the actuals ended in 2022.

Expenses: UP by 9%. We see an increase in premiums, but a slight decrease in awards (ribbons, plaques, banners, and buckles) for 2023. We are being mindful of the increased cost to test and transport livestock. We WILL efficiently print programs in 2023. We will have exhibitor shirts and quality live streaming for selected shows. Pre-fair lunches are included as their own line item in the 2023 budget.

#### **Dept 21: COMPETITIVE**

Revenues: UP by 96% of the 2022 Budget and up by 2% of the 2022 Actuals. This shows that we are doing a better job of identifying what is specific to Competitive Exhibits. We foresee an increase in Admissions and in entry fees. We are also recognizing the NebraskaLand Foundation scholarship here as it is recruited by CE and supports the CE Education Department.

Expenses: UP by 13% compared to 2022 Actuals, but up only 8% compared to 2022 Budget. You see an increase in premiums and an increase over actuals in awards for the Exhibitors. Wages now combines the hourly and wage agreements into one "seasonal" line item. This reflects consistency with other Departments. We see a slight increase to cover judge hotels and travel, as well as their hospitality. We add a bit here for Staff Development that was in ADMIN last year, but the rest of the Expenses are largely what we ended up at for Actuals in 2022.

#### **Dept 42: FFA**

Revenues: UP by 8% over 2022 Budget, and DOWN 90% of Actuals. The only line items that change off Actuals in 2023 are Entry Fees and the NE Elite Beef (pass through) awards, which are based on what NE Elite Beef secures and sends in annually.

Expenses: FLAT to the 2022 Budget, but UP 38% over 2022 Actuals. We are showing some increase to the Actuals in premiums and awards and the cost of harvest. Judge and Supt wages are down slightly from 22 budget, in many categories here we are splitting the difference between eh 22 Budget and Actuals, taking into consideration any changes or adjustments we know we will make at this time.

#### **Dept 65: AKSARBEN**

Revenues: We anticipate strong entry numbers for Aksarben, again in 2023. We look forward to improvement in sponsorship and scholarship support. By having largely, the same, educated and up to speed, 12 months to plan Team in place, we are excited and optimistic about the 2023 revenues. We plan to make AKSS Merchandise available more often leading up to and following the Show.

Expenses: In wages we look to DECREASE the FTE and increase the seasonal. We look forward to having largely the very SAME TEAM for the 2023 edition of the Aksarben Stock Show. This means everyone has at least one year experience with THIS, Aksarben Stock Show. The Team has many ideas and intentions for improvement.

We do see increased expenses at premiums and awards, cost of challenge livestock, cost of services in refuse, uniforms, security, professionals (Vets, Electricians, Sign programming), some subscriptions and software program fees, transaction fees, feed, and bedding, and while we would love to see a decrease in the AK Legal, we probably need to increase this line item for 2023.

#### **Dept 66: ARPA PROJECTS**

Revenues: will come to the Fair via "grants" from the STATE and from supporting partners.

Expenses: will be paid by the Fair.

**Overall SUMMARY:**

Shows an overall INCREASE of 15% over the 2022 Budgeted Revenues.

Shows an overall INCREASE of 22% over the 2022 Budgeted Expenses.

We call for a net income of \$981,553.

Capital Expenses **will** be incorporated in this Budget version. You can see the place holder for them below the bottom line on each Department Page and in ROW 326 on the SUMMARY PAGE.

The Team will populate the Capital Amounts for each project when they are approved by the State Fair Board.