Nebraska State Fair Board

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023

Nebraska State Fair Board
Contents
December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Nebraska State Fair Board
Grand Island, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Nebraska State Fair Board (the Board), as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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 2024 audit was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The schedules of fair operations and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 GAAS. In our opinion, the schedules of fair operations and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Lincoln, Nebraska
May 9, 2025

Nebraska State Fair Board
Balance Sheets
December 31, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash	$ 6,441,597	$ 6,188,173
Investments	3,375,229	2,565,477
Accounts receivable	79,465	175,182
Grant receivable	576,934	487,744
Receivable - intergovernmental	1,365,748	1,476,126
Prepaid expenses	35,386	32,780
Total current assets	11,874,359	10,925,482
Noncurrent Assets		
Investments	-	516,980
Capital assets, net	16,945,500	12,386,352
Other noncurrent assets	120,000	132,000
Total noncurrent assets	17,065,500	13,035,332
Total assets	$ 28,939,859	$ 23,960,814

LIABILITIES AND NET POSITION

	2024	2023
Current Liabilities		
Accounts payable	$ 136,540	$ 589,672
Accrued liabilities	278,241	36,568
Compensated absences	36,074	31,126
Unearned revenue, current portion	334,668	333,582
Long-term debt, current portion	515,147	483,420
Total current liabilities	1,300,670	1,474,368
Noncurrent Liabilities		
Unearned revenue, net of current portion	211,250	243,750
Long-term debt, net of current portion	2,505,259	3,025,611
Total noncurrent liabilities	2,716,509	3,269,361
Total liabilities	4,017,179	4,743,729
Net Position		
Net investment in capital assets	14,168,993	8,909,682
Unrestricted	10,753,687	10,307,403
Total net position	24,922,680	19,217,085
Total liabilities and net position	$ 28,939,859	$ 23,960,814

Nebraska State Fair Board
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Admissions/fair	$ 1,498,286	$ 1,345,759
Carnival	522,729	507,592
Entertainment	918,802	1,029,423
Food/beverage service	896,116	888,674
Campgrounds	68,193	65,055
Departmental receipts	987,680	1,008,468
Space rental and storage	592,559	512,215
Other commissions	794	-
Sponsorships (nondepartmental)	635,144	899,120
In-kind sponsorship revenues	367,539	361,944
Miscellaneous	244,402	161,796
Total operating revenues	6,732,244	6,780,046
Operating Expenses		
Department premiums/awards	627,494	575,265
Taxes	151,540	155,767
Insurance	380,735	385,585
Wages	2,064,843	2,015,017
Professional services	1,693,242	1,546,462
Equipment rental	983,591	932,842
Materials/supplies	322,928	359,148
Administrative	812,793	820,639
Entertainment	1,895,233	1,325,881
Food/beverage service	190,037	186,732
Advertising/promotion	402,165	454,958
Fair department expenses	424,105	505,782
Utilities	121,110	121,180
Depreciation expense	672,436	643,865
In-kind sponsorship expenses	367,539	361,944
Total operating expenses	11,109,791	10,391,067
Operating Loss	(4,377,547)	(3,611,021)
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	5,483,220	6,142,446
Interest income	333,312	220,166
Interest expense	(132,518)	(148,376)
Net nonoperating revenues	5,684,014	6,214,236
Income Before Capital Contributions	1,306,467	2,603,215
Capital contributions	4,399,128	780,424
Increase in Net Position	5,705,595	3,383,639
Net Position, Beginning of Year	19,217,085	15,833,446
Net Position, End of Year	$ 24,922,680	$ 19,217,085

Nebraska State Fair Board
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Receipts from customers	$ 6,429,008	$ 6,452,786
Payments to employees	(2,061,760)	(2,024,632)
Payments to suppliers	(7,961,473)	(7,329,040)
Net cash used in operating activities	(3,594,225)	(2,900,886)
Noncapital Financing Activities		
Intergovernmental revenue	5,593,598	6,406,219
Principal payments on noncapital note payable	(4,933)	-
Other receipts	12,000	25,611
Net cash provided by noncapital financing activities	5,600,665	6,431,830
Capital and Related Financing Activities		
Purchase of capital assets	(5,493,814)	(1,215,224)
Grant proceeds - capital contributions	4,309,938	292,680
Principal payments on long-term debt	(483,692)	(466,336)
Interest payments	(125,988)	(148,376)
Net cash used in capital and related financing activities	(1,793,556)	(1,537,256)
Investing Activities		
Purchase of investments	(2,725,000)	(3,000,000)
Sales from maturities of investments	2,500,000	-
Interest receipts	265,540	137,709
Net cash provided by (used in) investing activities	40,540	(2,862,291)
Net Change in Cash	253,424	(868,603)
Cash, Beginning of Year	6,188,173	7,056,776
Cash, End of Year	$ 6,441,597	$ 6,188,173
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (4,377,547)	$ (3,611,021)
Depreciation	672,436	643,865
Changes in operating assets and liabilities		
Accounts receivable	95,717	(4,205)
Prepaid expenses	(2,606)	(2,888)
Accounts payable	7,877	67,806
Accrued liabilities and compensated absences	41,312	(33,332)
Unearned revenue	(31,414)	38,889
Net Cash Used in Operating Activities	$ (3,594,225)	$ (2,900,886)
Supplemental Cash Flows Information		
Capital asset additions included in accounts payable	$ 205,309	$ 467,539

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

Nature of Operations

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

Basis of Accounting and Presentation

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

Use of Estimates

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

Investments

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

Receivables

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

Capital Assets

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

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

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 $326,750 and $324,250 of sponsorship revenue remaining at December 31, 2024 and 2023, 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, 2024 and 2023. 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, 2024 and 2023, $367,539 and $361,944, respectively, was recognized as in-kind sponsorship expense for these items, with an equal amount recognized as non-cash sponsorship revenue.

Compensated Absences

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

Revenue Recognition

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

Classification of Revenues

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

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

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

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.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. These reclassifications had no effect on the changes in net position.

Revision

A revision has been made to the 2023 financial statements to present capital grants separately as capital contributions as required by accounting principles generally accepted in the United States of America. This revision did not have an impact on the Board's net position or change in net position.

Note 2. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. Nebraska state law does not require collateralization of deposits in excess of FDIC limits for entities other than political subdivisions. The Board's cash deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Board has also entered into an arrangement with its primary financial institution, which sweeps funds from its primary operating account into a secured repurchase account on a nightly basis. At December 31, 2024, the Board's deposits, including certificates of deposit, are insured up to $250,000 by the FDIC at each participating financial institution. Any cash deposits in excess of the $250,000 FDIC limits are covered by collateral held by an agent for the Board. At December 31, 2024, the Board had certificate of deposit balances totaling approximately $791,000 in excess of FDIC limits that were uninsured and uncollateralized.

Investments

At December 31, 2024 and 2023, the Board had the following investments and maturities:

		Investment Maturities	
	Carrying Value	**Less than One Year**	**One to Five Years**
December 31, 2024			
Certificates of Deposit	$ 3,375,229	$ 3,375,229	$ -
December 31, 2023			
Certificates of Deposit	$ 3,082,457	$ 2,565,477	$ 516,980

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

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

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

Note 3. Capital Assets

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows:

	2024				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	$ 40,233	$ -	$ -	$ -	$ 40,233
Buildings and leasehold improvements	15,085,643	-	66,997	-	15,018,646
Equipment and vehicles	7,366,289	458,278	57,488	-	7,767,079
Construction in progress	682,974	4,773,306	-	-	5,456,280
	23,175,139	5,231,584	124,485	-	28,282,238
Accumulated depreciation					
Buildings and leasehold improvements	4,799,646	434,216	66,997	-	5,166,865
Equipment and vehicles	5,989,141	238,220	57,488	-	6,169,873
	10,788,787	672,436	124,485	-	11,336,738
Net capital assets	$ 12,386,352	$ 4,559,148	$ -	$ -	$ 16,945,500

	2023				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	$ 40,233	$ -	$ -	$ -	$ 40,233
Buildings and leasehold improvements	15,085,643	-	-	-	15,085,643
Equipment and vehicles	6,481,824	1,052,339	167,874	-	7,366,289
Construction in progress	52,550	630,424	-	-	682,974
	21,660,250	1,682,763	167,874	-	23,175,139
Accumulated depreciation					
Buildings and leasehold improvements	4,366,066	433,580	-	-	4,799,646
Equipment and vehicles	5,938,505	210,285	159,649	-	5,989,141
	10,304,571	643,865	159,649	-	10,788,787
Net capital assets	$ 11,355,679	$ 1,038,898	$ 8,225	$ -	$ 12,386,352

Note 4. Long-term Liabilities

Long-term Debt

Long-term debt included the following at December 31, 2024 and 2023:

	2024	2023
Direct Borrowings		
Note payable, bank (A)	$ 2,525,439	$ 3,009,031
Note payable (B)	494,967	500,000
	3,020,406	3,509,031
Less: current maturities	515,147	483,420
	$ 2,505,259	$ 3,025,611

A. Note with an original available principal balance of $8,000,000 and is secured by property, equipment and rights to the lottery proceeds. Interest is payable monthly beginning June 10, 2013. Principal and interest are payable in monthly installments of $49,024 beginning June 10, 2013. Interest was initially payable at a fixed rate of 4% through June 10, 2018. Beginning June 10, 2018, interest is payable monthly at the New York prime rate plus a margin of .75% with a floor of 4% and a ceiling of 6%. During 2021, the Board negotiated a fixed rate of 3.75% for the note with its primary financial institution. The rate will reset every five years until maturity on May 10, 2033. Based on the revised terms and additional principal payments made by the Board, final payment is now anticipated to be due September 10, 2029.

B. Small Business Administration (SBA) secured disaster loan entered into in May 2020, for a total amount of $150,000 bearing interest at 2.75%. In August 2021, the note was modified to increase the balance to a total amount of $500,000. Monthly payments in the amount of $2,200 began in 2024. The loan has a final maturity of June 1, 2050 and is collateralized by all tangible and intangible property of the Board and can be prepaid at anytime prior to maturity.

The following is a summary of long-term liability transactions of the Board for the years ended December 31, 2024 and 2023:

2024	**Beginning Balance**	**Additions**	**Deductions**	**Ending Balance**	**Current Portion**
Notes payable	$ 3,509,031	$ -	$ 488,625	$ 3,020,406	$ 515,147
Unearned revenue	577,332	347,168	378,582	545,918	334,668
Total	$ 4,086,363	$ 347,168	$ 867,207	$ 3,566,324	$ 849,815
2023					
Notes payable	$ 3,975,367	$ -	$ 466,336	$ 3,509,031	$ 483,420
Unearned revenue	538,443	301,082	262,193	577,332	333,582
Total	$ 4,513,810	$ 301,082	$ 728,529	$ 4,086,363	$ 817,002

Aggregate annual maturities of long-term debt at December 31, 2024, are:

	Principal	Interest	Total to be Paid
2025	$ 515,147	$ 99,565	$ 614,712
2026	534,667	80,045	614,712
2027	554,928	59,785	614,713
2028	575,886	38,846	614,732
2029	413,421	17,731	431,152
2030-2034	78,689	53,431	132,120
2035-2039	90,274	41,846	132,120
2040-2044	103,564	28,556	132,120
2045-2049	118,811	13,309	132,120
2050-2054	35,019	695	35,714
	$ 3,020,406	$ 433,809	$ 3,454,215

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 $5,483,220 and $6,142,446 classified as intergovernmental revenue during the years ended December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, $1,365,748 and $1,476,126, 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 2024 to 2059, and the Board has the ability to extend the fair operations property lease for an additional 50 years upon mutual agreement between the parties. The Board performed an evaluation of its leases under GASB Statement No. 87, *Leases*, and did not record a lease liability and related right-to-use asset for these lease agreements as the leases are either for a total operating period of less than twelve months or are not considered to be exchange or exchange-like transactions. Total expense recorded under these leases was $73,000 for the years ended December 31, 2024 and 2023, and is included within professional services on the statements of revenues, expenses and changes in net position.

Note 7. Pension and Deferred Compensation Plans

The Board has a defined contribution pension plan for substantially all full-time employees that meets the requirements of Section 401(a) of the Internal Revenue Code and is administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. Employees become immediately vested in their contributions and vest in any employer contributions ratably over a four-year period. Forfeitures are distributed to participants in proportion of their compensation to total compensation. For the years ended December 31, 2024 and 2023, the Board made matching contributions of 5% of qualifying wages. In addition, the Board has a deferred compensation plan that meets the requirements of Section 457(b) of the Internal Revenue Code administered by Union Bank & Trust. Employees may contribute up to 20% of their compensation each pay period. The Board may elect to make discretionary contributions. Employees are immediately vested in their account balance. For the years ended December 31, 2024 and 2023, the Board made matching contributions of 5% of qualifying wages. Total employer contributions to both plans were $97,587 and $92,743 for the years ended December 31, 2024 and 2023, respectively. No forfeitures were used to reduce the Board's contributions in either 2024 or 2023. The Board evaluated both plans as potential fiduciary activities in accordance with the provisions of GASB Statement No. 84, *Fiduciary Activities,* and deemed the applicable criterion were not met for the plans to be reported as fiduciary funds within the Board's financial statements.

Note 8. Risk Management

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

Note 9. Commitments and Contingencies

Scholarships

To reward participants for their hard work, dedication and competitive drive, and to encourage them to continue to pursue secondary learning in the field of their competitive theme, the Board awards scholarships to certain rodeo, livestock, and education focused event champions at the State Fair. Scholarships in the Education Department range in amount from $25 to $100. The High School Rodeo awards scholarships in the $500 to $1,000 range, and these are more restrictive for use at specific schools within Nebraska. 4-H and FFA scholarships range in amounts from $750 to $1,000 for Reserve Champion and Grand Champion Market Livestock. The Board recognizes expenses and liabilities for these scholarships once all eligibility requirements have been met. Scholarship recipients become eligible for receipt of the scholarship funds once they begin classes at a qualifying college or university and provide notice of enrolled attendance to the Board. At December 31, 2024 and 2023, the Board has commitments of approximately $114,000 and $131,000, respectively, for future scholarship disbursements and has internally designated a portion of its net position for payment of these amounts.

Litigation

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

Federal Award Programs

During 2023, the Board entered into an agreement with the Nebraska Department of Environment and Energy to receive grant funding in the total amount of $20,000,000 to be used for specified paving, infrastructure, and other critical capital needs at and around the fairgrounds. The funding is provided through the American Rescue Plan Act (ARPA), whereby the Board was to obligate project funds by December 31, 2024, and all project funds must be expended by December 31, 2026. The first phase of infrastructure improvements was substantially complete as of December 31, 2024. In 2024, the Board executed contracts with various third parties for construction, engineering, and other professional services related to the second phase of improvements totaling approximately $17,000,000, which was the Board's committed amount as of December 31, 2024.

Supplementary Information

Nebraska State Fair Board
Schedules of Fair Operations
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Admissions/fair	$ 1,498,286	$ 1,345,759
Carnival	522,729	507,592
Entertainment	918,802	1,029,423
Food/beverage service	896,116	888,674
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Departmental receipts	987,680	1,008,468
Space rental and storage	592,559	512,215
Other commissions	794	-
Sponsorships (nondepartmental)	635,144	899,120
In-kind sponsorship revenues	367,539	361,944
Miscellaneous	244,402	161,796
Intergovernmental revenues	5,483,220	6,142,446
Total revenues	12,215,464	12,922,492
Expenses		
Department premiums/awards	627,494	575,265
Taxes	151,540	155,767
Insurance	380,735	385,585
Wages	2,064,843	2,015,017
Professional services	1,693,242	1,546,462
Equipment rental	983,591	932,842
Materials/supplies	322,928	359,148
Administrative	812,793	820,639
Entertainment	1,895,233	1,325,881
Food/beverage service	190,037	186,732
Advertising/promotion	402,165	454,958
Fair department expenses	424,105	505,782
Utilities	121,110	121,180
In-kind sponsorship expenses	367,539	361,944
Total expenses	10,437,355	9,747,202
Change in Net Position Before Depreciation, Interest Expense and Other Income (Expenses)	1,778,109	3,175,290
Depreciation, Interest Expense and Other Income (Expenses)		
Depreciation expense	(672,436)	(643,865)
Interest expense	(132,518)	(148,376)
Capital contributions	4,399,128	780,424
Interest income	333,312	220,166
Net depreciation, interest expense and other income (expense)	3,927,486	208,349
Change in Net Position	$ 5,705,595	$ 3,383,639

Nebraska State Fair Board
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
Pass-Through the Nebraska Department of Environment and Energy				
COVID 19 – Coronavirus State and Local Fiscal Recovery Funds	21.027	#2023-131428593	$ -	$ 4,399,128

The accompanying notes are an integral part of this Schedule.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Nebraska State Fair Board (the Board) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Board has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Nebraska State Fair Board
Grand Island, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Nebraska State Fair Board (the Board), which comprise the Board's balance sheet as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Lincoln, Nebraska
May 9, 2025

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Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Nebraska State Fair Board
Grand Island, Nebraska

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Nebraska State Fair Board's (the Board) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended December 31, 2024. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Lincoln, Nebraska
May 9, 2025

Nebraska State Fair Board
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

   Material weakness(es) identified? ☐ Yes ☒ No

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor's report issued on compliance for the major federal program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of the major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID 19 – Coronavirus State and Loval Fiscal Recovery Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Nebraska State Fair Board
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
	No matters are reportable.	