



Financial Statements
and Supplementary Information

for

**DURHAM COUNTY ALCOHOLIC
BEVERAGE CONTROL BOARD**
(A Component Unit of Durham County Government)

Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

CONTENTS

Pages

Independent Auditor's Report.....	1 - 3
Management's Discussion and Analysis.....	4 - 8
Basic Financial Statements:	
Statements of Net Position.....	9 - 10
Statements of Revenues, Expenses, and Changes in Net Position.....	11 - 12
Statements of Cash Flows.....	13 - 14
Notes to the Financial Statements.....	15 - 38
Required Supplementary Information:	
ABC Board's Proportionate Share of Net Pension Liability (Asset).....	39 - 40
ABC Board's Contributions - Local Government Employees' Retirement System.....	41 - 42
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	43 - 44
ABC Board's Contributions - Total OPEB Liability.....	45 - 46
Notes to the Required Supplementary Information.....	47 - 48
Supplementary Information:	
Schedule of Revenue and Store, Warehouse, and Administrative Expenses - Year ended June 30, 2024.....	49 - 50
Schedule of Store, Warehouse, and Administrative Expenses - Year ended June 30, 2023.....	51 - 52
Schedule of Distributions of Profits.....	53
Reconciliation of Budget to Actual.....	54 - 55

Independent Auditor's Report

To the Board of Directors
Durham County Alcoholic Beverage Control Board
Durham, North Carolina

Opinion

We have audited the financial statements of Durham County Alcoholic Beverage Control Board (the Board), a component unit of Durham County Government, which comprise the statements of net position as of June 30, 2024 and 2023, 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, which collectively comprise the Board's basic financial statements (the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 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 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Directors
Durham County Alcoholic Beverage Control Board
Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the other post employment benefit schedule of changes in the total OPEB liability and related ratios and contributions, the Local Government Employees' Retirement System's schedules of the proportionate share of net pension liability (asset) and contributions, and notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The schedules of revenue and store, warehouse and administrative expenses, distributions of profits, and reconciliation of budget to actual 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 relate 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 themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dean Dotson Allen Ford, PLLC

Raleigh, North Carolina
September 18, 2024

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis

(Unaudited)

This section of Durham County Alcoholic Beverage Control (ABC) Board's (the Board) financial report represents management's discussion and analysis of the financial performance of the Board for the years ended June 30, 2024 and 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- Working capital increased approximately 26.91% over the prior year.
- Change in net position before profit distributions decreased 16.41% from the prior year.
- Approximately 11.71% of profits before distributions were expended for law enforcement in the current year.
- Approximately 7.74% of profits before distributions were expended for alcohol education in the current year.
- Approximately 4.80% of gross sales were distributed to the City of Durham and Durham County governmental units in the current year.

Overview of the Financial Statements

The financial statements of the Board consist of three components. They are as follows:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Additional Information Required by the North Carolina ABC Commission*

The *Basic Financial Statements* are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the **Statement of Net Position**. Assets and liabilities are classified between current and non-current. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

The next statement is the **Statement of Revenues, Expenses, and Changes in Net Position**. This statement is used in evaluating whether the Board has recovered all of its costs through sales. Its information is used in determining credit worthiness.

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, capital and related financing and noncapital financing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the change in cash.

The notes to the financial statements provide more detailed information and should be read in conjunction with the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Overview of the Financial Statements, continued

The North Carolina ABC Commission requires certain schedules in addition to the information required by accounting principles generally accepted in the United States of America. They include a **Schedules of Revenue and Store, Warehouse and Administrative Expenses, Distributions of Profits, and a Reconciliation of Budget to Actual.**

Financial Analysis of Durham County ABC Board

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities and deferred inflows by \$24,818,675 in 2024, by \$22,522,011 in 2023, and by \$19,083,281 in 2022. The largest component of net position was the investment in capital assets. It was 50% of the total net position for 2024, 56% for 2023, and 81% for 2022. Following is a summary of the statement of net position as of June 30:

Table 1
Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>\$ Change This Yr over Last Yr</u>	<u>% Change This Yr over Last Yr</u>
Current assets	\$ 18,040,485	\$ 15,297,022	\$ 11,760,580	\$ 2,743,463	17.93 %
Non-current assets	14,767,416	14,521,205	15,523,780	246,211	1.70 %
Deferred outflows of resources	<u>1,557,970</u>	<u>1,242,541</u>	<u>875,655</u>	<u>315,429</u>	25.39 %
Total assets and deferred outflows of resources	<u>\$ 34,365,871</u>	<u>\$ 31,060,768</u>	<u>\$ 28,160,015</u>	<u>\$ 3,305,103</u>	10.64 %
Current liabilities	\$ 4,695,421	\$ 4,600,809	\$ 5,340,988	\$ 94,612	2.06 %
Non-current liabilities	4,826,310	3,921,148	3,045,428	905,162	23.08 %
Deferred inflows of resources	<u>25,465</u>	<u>16,800</u>	<u>690,318</u>	<u>8,665</u>	51.58 %
Total liabilities and deferred inflows of resources	<u>\$ 9,547,196</u>	<u>\$ 8,538,757</u>	<u>\$ 9,076,734</u>	<u>\$ 1,008,439</u>	11.81 %
Net position:					
Net investment in capital assets	\$ 12,360,185	\$ 12,598,647	\$ 15,523,780	\$ (238,462)	(1.89)%
Restricted net position	1,837,568	1,835,092	1,654,728	2,476	0.13 %
Unrestricted net position	<u>10,620,922</u>	<u>8,088,272</u>	<u>1,904,773</u>	<u>2,532,650</u>	31.31 %
Total net position	<u>\$ 24,818,675</u>	<u>\$ 22,522,011</u>	<u>\$ 19,083,281</u>	<u>\$ 2,296,664</u>	10.20 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

For June 30, 2024, the increase in assets over the prior year was largely due to current year profitability and an increase in investments, right-of-use assets, and inventory. The increase in liabilities compared to the prior year was driven by an increase in lease liabilities and net pension liability.

For June 30, 2023, the increase in assets over the prior year was largely due to current year profitability and an increase in cash and inventory. The decrease in liabilities compared to the prior year was driven by a decrease in accounts payable and lease liabilities.

Net position as of June 30, 2024 increased by 10.20% from June 30, 2023 compared to a 18.02% increase between 2023 and 2022. Income from operations decreased by 12.08% over the prior year and increased by 4.89% between 2023 and 2022. Following is a summary of the changes in net position for the years ended June 30:

Table 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Gross sales	\$ 62,307,588	\$ 62,228,353	\$ 56,097,641	\$ 79,235	0.13 %
Less: taxes on gross sales	14,530,818	14,515,962	13,074,714	14,856	0.10 %
Net sales	47,776,770	47,712,391	43,022,927	64,379	0.13 %
Less: cost of sales	31,834,882	31,912,274	28,750,469	(77,392)	(0.24)%
Gross profit	15,941,888	15,800,117	14,272,458	141,771	0.90 %
Less: operating expenses	9,552,434	8,533,129	7,344,030	1,019,305	11.95 %
Income from operations	6,389,454	7,266,988	6,928,428	(877,534)	(12.08)%
Non-operating revenues (expenses), net	175,495	115,983	(443,144)	59,512	51.31 %
Change in net position before distributions	6,564,949	7,382,971	6,485,284	(818,022)	(11.08)%
Less: distributions	4,268,285	3,944,241	3,808,867	324,044	8.22 %
Change in net position	2,296,664	3,438,730	2,676,417	(1,142,066)	(33.21)%
Net position, beginning	22,522,011	19,083,281	16,406,864	3,438,730	18.02 %
Net position, ending	\$ 24,818,675	\$ 22,522,011	\$ 19,083,281	\$ 2,296,664	10.20 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

For 2024, gross sales were up \$79,235 (+0.13%). This was the net result of a decrease in retail sales and an increase in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

For 2023, gross sales were up \$6,130,712 (+10.93%). This was the net result of an increase in retail sales and a significant increase in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

Following is a breakdown of gross sales by source for the years ended June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Retail liquor sales	\$ 49,164,067	\$ 49,526,060	\$ 45,821,634	\$ (361,993)	(0.73)%
Mixed beverage sales	13,120,596	12,702,293	10,276,007	418,303	3.29 %
Wine sales	<u>22,925</u>	<u>-</u>	<u>-</u>	<u>22,925</u>	100.00 %
Total gross sales	<u>\$ 62,307,588</u>	<u>\$ 62,228,353</u>	<u>\$ 56,097,641</u>	<u>\$ 79,235</u>	0.13 %

Capital Assets

Net investment in capital assets as of June 30, 2024, totals \$12,360,185 (net of accumulated depreciation and amortization).

During the year ended June 30, 2024 the Board renewed the store #4 lease and entered into a new lease for store #7 and store #14, resulting in additions to right-of-use assets totaling \$774,406.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

Capital Assets, continued

Table 3

Capital Assets

(Net of Depreciation and Amortization)

	<u>June 30, 2024</u>	June 30, 2023	June 30, 2022	<u>\$ Change This Yr over Last Yr</u>	<u>% Change This Yr over Last Yr</u>
Land	\$ 2,930,654	\$ 2,930,654	\$ 2,580,733	\$ -	-
Work in progress	325,994	193,023	3,805,538	132,971	69 %
Buildings and improvements	7,789,419	8,026,876	5,631,454	(237,457)	(3)%
Vehicles	114,125	148,925	190,457	(34,800)	(23)%
Furniture and equipment	1,091,371	1,148,559	916,662	(57,188)	(5)%
Law enforcement	232,277	240,223	248,168	(7,946)	(3)%
Right-of-use assets	<u>2,283,576</u>	<u>1,832,945</u>	<u>2,150,768</u>	<u>450,631</u>	25 %
Total	<u>\$ 14,767,416</u>	<u>\$ 14,521,205</u>	<u>\$ 15,523,780</u>	<u>\$ 246,211</u>	2 %

Additional information on the Board's capital assets can be found in Note 1 of the Basic Financial Statements.

Requests for Information

This report is intended to provide a summary of the financial condition of the Durham County ABC Board. Questions or requests for additional information should be addressed to Lou Sordel, General Manager, Durham County Alcoholic Beverage Control Board, 3620 Shannon Road, Suite 200, Durham, North Carolina 27707.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Net Position

June 30, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 1,523,146	\$ 2,424,977
Investments	3,576,049	3,233,352
Inventories	12,446,039	9,187,161
Prepaid expenses	<u>495,251</u>	<u>451,532</u>
Total current assets	18,040,485	15,297,022
Non-current assets:		
Capital assets (net of accumulated depreciation and amortization)	<u>14,767,416</u>	<u>14,521,205</u>
Total assets	<u>\$ 32,807,901</u>	<u>\$ 29,818,227</u>
Deferred Outflows of Resources		
Pension deferrals	\$ 1,522,671	\$ 1,201,662
OPEB deferrals	<u>35,299</u>	<u>40,879</u>
Total deferred outflows of resources	<u>\$ 1,557,970</u>	<u>\$ 1,242,541</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Net Position, continued

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,342,214	\$ 1,434,083
Distributions payable	1,317,137	1,217,743
State taxes payable	1,135,852	1,210,667
Accrued expenses:		
Liabilities	123,959	134,881
Payroll and related costs	232,532	217,222
Sales tax payable	78,705	120,277
Current portion of lease liabilities	<u>465,022</u>	<u>265,936</u>
Total current liabilities	4,695,421	4,600,809
Non-current liabilities:		
Accrued vacation	187,544	140,977
Non-current portion of lease liabilities	1,942,209	1,656,622
Net pension liability	2,229,066	1,626,424
Total OPEB liability	<u>467,491</u>	<u>497,125</u>
Total non-current liabilities	<u>4,826,310</u>	<u>3,921,148</u>
Total liabilities	\$ <u>9,521,731</u>	\$ <u>8,521,957</u>
Deferred Inflows of Resources		
Pension deferrals	\$ <u>25,465</u>	\$ <u>16,800</u>
Net Position		
Net position:		
Net investment in capital assets	\$ 12,360,185	\$ 12,598,647
Restricted for working capital	1,837,568	1,835,092
Unrestricted	<u>10,620,922</u>	<u>8,088,272</u>
Total net position	\$ <u>24,818,675</u>	\$ <u>22,522,011</u>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Gross sales:		
Liquor sales-regular	\$ 49,164,067	\$ 49,526,060
Mixed beverage sales	13,120,596	12,702,293
Wine sales	<u>22,925</u>	<u>-</u>
Total gross sales	62,307,588	62,228,353
Deduct taxes on gross sales:		
State excise tax (Note 9)	13,461,395	13,460,238
Mixed beverage tax (revenue) (Note 9)	853,848	840,459
Mixed beverage tax (human resources) (Note 9)	85,389	84,046
Rehabilitation tax (Note 9)	128,553	131,219
Wine tax	<u>1,633</u>	<u>-</u>
Total taxes on gross sales	<u>14,530,818</u>	<u>14,515,962</u>
Net sales	47,776,770	47,712,391
Deduct cost of sales:		
Cost of liquor sold	31,820,546	31,912,274
Cost of wine sold	<u>14,336</u>	<u>-</u>
Total cost of sales	<u>31,834,882</u>	<u>31,912,274</u>
Gross profit on sales	15,941,888	15,800,117
Deduct operating expenses:		
Store expenses	5,259,067	4,738,008
Warehouse and delivery expenses	870,608	752,008
Administrative expenses	2,504,260	2,144,780
Depreciation and amortization expenses	<u>918,499</u>	<u>898,333</u>
Total operating expenses	<u>9,552,434</u>	<u>8,533,129</u>
Income from operations	6,389,454	7,266,988
Non-operating revenues and expenses:		
Interest income	175,495	55,009
Other income	<u>-</u>	<u>60,974</u>
Total non-operating revenues and expenses	<u>175,495</u>	<u>115,983</u>
Change in net position before distributions	\$ 6,564,949	\$ 7,382,971

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

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

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Deduct:		
Law enforcement	\$ 768,915	\$ 677,241
Alcohol education/rehabilitation	<u>508,370</u>	<u>380,000</u>
Total distributions	<u>1,277,285</u>	<u>1,057,241</u>
Change in net position before profit distributions	5,287,664	6,325,730
Profit distributions:		
City of Durham	291,000	287,000
County of Durham	<u>2,700,000</u>	<u>2,600,000</u>
Total profit distributions	<u>2,991,000</u>	<u>2,887,000</u>
Change in net position	2,296,664	3,438,730
Net position, beginning of year	<u>22,522,011</u>	<u>19,083,281</u>
Net position, end of year	\$ <u>24,818,675</u>	\$ <u>22,522,011</u>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 62,307,588	\$ 62,228,353
Cash payments to suppliers for goods and services and taxes on sales	(38,393,685)	(36,213,655)
Cash payments to employees for services	(5,045,060)	(4,606,742)
Sales taxes paid	<u>(14,647,205)</u>	<u>(14,356,205)</u>
Net cash provided by operating activities	4,221,638	7,051,751
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	-	925,000
Acquisition of capital assets	(398,249)	(767,730)
Payments on lease liabilities	<u>(289,733)</u>	<u>(285,202)</u>
Net cash used by capital and related financing activities	(687,982)	(127,932)
Cash flows from non-capital financing activities:		
Law enforcement distributions	(768,915)	(677,241)
Alcohol education distributions	(508,370)	(380,000)
Profit distributions to primary government	<u>(2,991,000)</u>	<u>(2,887,000)</u>
Net cash used by non-capital financing activities	(4,268,285)	(3,944,241)
Cash flows from investing activities:		
Interest on investments	175,495	55,009
Investments purchased	<u>(342,697)</u>	<u>(2,526,667)</u>
Net cash used by investing activities	<u>(167,202)</u>	<u>(2,471,658)</u>
Net (decrease) increase in cash and cash equivalents	(901,831)	507,920
Cash and cash equivalents, beginning of year	<u>2,424,977</u>	<u>1,917,057</u>
Cash and cash equivalents, end of year	\$ <u>1,523,146</u>	\$ <u>2,424,977</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Cash Flows, continued

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 6,389,454	\$ 7,266,988
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	926,444	906,279
Changes in assets and liabilities:		
Inventories	(3,258,878)	(386,513)
Prepaid expenses	(43,719)	(115,342)
Accounts payable	(91,869)	(847,261)
State taxes payable	(74,815)	138,904
Accrued liabilities	88,472	(84,253)
Accrued payroll and related costs	61,877	90,218
Accrued sales tax payable	(41,572)	20,853
Net pension liability	602,642	1,157,144
Total OPEB liability	(29,634)	(54,862)
Deferred outflows of resources for pensions	(321,009)	(365,104)
Deferred inflows of resources for pensions	8,665	(673,518)
Deferred outflows of resources for OPEB	<u>5,580</u>	<u>(1,782)</u>
Net cash provided by operating activities	<u>\$ 4,221,638</u>	<u>\$ 7,051,751</u>
Supplemental disclosure of noncash transactions:		
Non-cash financing activities:		
Additions to right-of-use assets obtained from financing lease liabilities	\$ 774,406	\$ -

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Principles Used in Determining the Scope of the Entity for Financial Reporting

The Durham County Alcoholic Beverage Control Board (the Board), a component unit of Durham County Government, North Carolina reporting entity (the County), is a corporate body with powers outlined by North Carolina General Statutes Chapter 18B-701. The County's governing body appoints the Board.

The Board is required by State Statute to distribute a portion of its surpluses to the General Fund of the County and its municipalities, which represents a financial benefit to the County and its municipalities. Therefore, the Board is reported as a discretely presented component unit in the County's financial statements.

Organizational History

The Board was organized under the provisions of the Pasquotank Act in 1937, and implemented by a county wide vote on May 15, 1937, at which time the Durham County Commissioners appointed three individuals to serve on the Board with terms of three years. In 2001, the County Commissioners added two more individuals to serve on the Board bringing the total to five Board members.

The Board, as provided by North Carolina Alcoholic Beverage Control laws, operates ten retail liquor stores and two mixed beverage locations and, through its contract with the NC State Bureau of Investigations, Alcohol Law Enforcement Branch (ALE), investigates violations of such laws. North Carolina General Statute [18B-805(c)(2)(3)] requires that the Board expend at least 5% of profits for law enforcement, and at least 7% of the same profits for alcohol education and rehabilitation purposes.

Basis of Presentation

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. All sales are made by cash, check, debit or credit card and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of net position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation and amortization expense, other post-employment benefit expenses, lease interest expense, and pension expenses. Actual results may differ from those estimates.

Pensions

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Assets, Liabilities, and Net Position

Deposits

All deposits of the Board are made in board-designated official depositories and are collateralized as required by State Law G.S. 159-31. The Board may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Deposits, continued

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2024 and 2023, the Board's deposits had a carrying amount of \$1,514,526 and \$2,389,416, respectively, and a bank balance of \$1,794,819 and \$4,024,676, respectively. Of the bank balance, \$459,497 and \$385,201 was covered by federal depository insurance at June 30, 2024 and 2023, respectively, and \$1,335,322 and \$3,639,475 was covered by collateral held under the Pooling Method, at June 30, 2024 and 2023, respectively.

Investments

State law [G.S. 159-30(c)] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

The Board's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by either quoted market prices, significant other observable inputs or significant unobservable inputs. Non-participating interest earning contracts and the NCCMT, an SEC registered 2a-7 external investment pool, are measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based at fair value as determined by significant other observable inputs. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

Inventories

Inventories are valued at current replacement cost which approximates the lower cost or net realizable value.

Capital and Right-of-Use Assets

Capital assets are recorded at original cost using a capitalization threshold of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. The useful lives are shown below:

Buildings and improvements	10 - 30 years
Furniture and equipment	5 - 15 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged to expense as incurred. The cost and related accumulated depreciation associated with capital assets are removed from the accounts upon retirement or other disposition, and any resulting gain or loss is reflected as a non-operating item.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Capital and Right-of-Use Assets, continued

Capital and right-of-use asset activity for the year ended June 30, 2024 was as follows:

	<u>Balance June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 2,930,654	\$ -	\$ -	\$ 2,930,654
Work in progress	<u>193,023</u>	<u>330,652</u>	<u>197,681</u>	<u>325,994</u>
Total capital assets not being depreciated	3,123,677	330,652	197,681	3,256,648
Capital assets being depreciated:				
Buildings and improvements	9,593,967	67,795	-	9,661,762
Furniture/equipment	2,487,116	197,485	-	2,684,601
Vehicles	348,896	-	-	348,896
Law enforcement	<u>348,857</u>	<u>-</u>	<u>-</u>	<u>348,857</u>
Total capital assets being depreciated	12,778,836	265,280	-	13,044,116
Less accumulated depreciation:				
Buildings and improvements	1,567,091	305,252	-	1,872,343
Furniture/equipment	1,338,557	254,673	-	1,593,230
Vehicles	199,971	34,800	-	234,771
Law enforcement	<u>108,634</u>	<u>7,946</u>	<u>-</u>	<u>116,580</u>
Total accumulated depreciation	<u>3,214,253</u>	<u>602,671</u>	<u>-</u>	<u>3,816,924</u>
Total capital assets being depreciated, net	9,564,583	(337,391)	-	9,227,192
Right-of-use assets:				
Buildings	<u>2,591,973</u>	<u>774,406</u>	<u>251,250</u>	<u>3,115,129</u>
Total right-of-use assets being amortized	2,591,973	774,406	251,250	3,115,129
Less accumulated amortization:				
Buildings	<u>759,028</u>	<u>323,775</u>	<u>251,250</u>	<u>831,553</u>
Total accumulated amortization	<u>759,028</u>	<u>323,775</u>	<u>251,250</u>	<u>831,553</u>
Total right-of-use assets being amortized, net	<u>1,832,945</u>	<u>\$ 450,631</u>	<u>\$ -</u>	<u>2,283,576</u>
Capital and right-of-use assets, net	<u>\$ 14,521,205</u>			<u>\$ 14,767,416</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Capital and Right-of-Use Assets, continued

Capital and right-of-use asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 2,580,733	\$ 708,788	\$ 358,867	\$ 2,930,654
Work in progress	<u>3,805,538</u>	<u>690,637</u>	<u>4,303,152</u>	<u>193,023</u>
Total capital assets not being depreciated	6,386,271	1,399,425	4,662,019	3,123,677
Capital assets being depreciated:				
Buildings and improvements	7,233,214	3,125,536	764,783	9,593,967
Furniture/equipment	2,186,310	488,534	187,728	2,487,116
Vehicles	348,896	-	-	348,896
Law enforcement	<u>348,857</u>	<u>-</u>	<u>-</u>	<u>348,857</u>
Total capital assets being depreciated	10,117,277	3,614,070	952,511	12,778,836
Less accumulated depreciation:				
Buildings and improvements	1,601,760	284,278	318,947	1,567,091
Furniture/equipment	1,269,648	254,700	185,791	1,338,557
Vehicles	158,439	41,532	-	199,971
Law enforcement	<u>100,689</u>	<u>7,945</u>	<u>-</u>	<u>108,634</u>
Total accumulated depreciation	<u>3,130,536</u>	<u>588,455</u>	<u>504,738</u>	<u>3,214,253</u>
Total capital assets being depreciated, net	6,986,741	3,025,615	447,773	9,564,583
Right-of-use assets:				
Buildings	<u>2,635,031</u>	<u>-</u>	<u>43,058</u>	<u>2,591,973</u>
Total right-of-use assets being amortized	2,635,031	-	43,058	2,591,973
Less accumulated amortization:				
Buildings	<u>484,263</u>	<u>317,823</u>	<u>43,058</u>	<u>759,028</u>
Total accumulated amortization	<u>484,263</u>	<u>317,823</u>	<u>43,058</u>	<u>759,028</u>
Total right-of-use assets being amortized, net	<u>2,150,768</u>	<u>\$ (317,823)</u>	<u>\$ -</u>	<u>1,832,945</u>
Capital and right-of-use assets, net	<u>\$ 15,523,780</u>			<u>\$ 14,521,205</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Long-Lived Assets to be disposed are reported at the lower of carry amount or fair value less cost to sell.

Leases

Lease assets represent the Board's right to use an underlying asset for the lease term and lease liabilities represent the Board's obligation to make lease payments arising from the lease, measured on a discounted basis. The Board determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Board obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Board also considers whether its service arrangements include the right to control the use of an asset.

The Board has made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. Lease expense for such leases is recognized on a straight-line basis over the lease term. For all other leases, they are classified as finance leases.

Finance leases are included in right-of-use (ROU) assets, and lease liabilities (current and non-current) in the statements of net position. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

Finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

Lease terms may include options to extend or terminate the lease. Where management concludes that it is reasonably certain that a renewal or termination option will be exercised, that renewal period or termination option is used to determine the lease term and the related payments that are reflected in the ROU asset and lease liability.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Leases, continued

Some of the Board's leases include variable lease payments. Variable lease payments are only included in measuring ROU assets and lease liabilities if they depend on an index or a rate, or are in substance fixed payments. Variable payments that are not included in measuring the ROU assets are expensed when incurred. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Lease agreements with lease and non-lease components are generally accounted for separately based upon the standalone price of the separate lease and non-lease components at the commencement date of the lease. The non-lease components generally relate to the separate payments made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance costs associated with the property. The non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

Net Position

Net position consists of the following:

Net investment in capital assets - This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted for law enforcement - This applies only when the Board employs its own ABC officer.

Restricted for capital improvements - State law [G.S. 18B-805(d)] requires approval of the appointing authority to establish this account, outside of working capital, for specific capital improvements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Net Position, continued

Restricted for working capital - North Carolina Alcoholic Beverage Control Commission Rule [.0902] defines working capital as the total of cash, investments and inventory less all unsecured liabilities. An ABC Board shall set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year (legally required minimum) or greater than: (1) four months of the last fiscal year for boards with gross sales less than \$1,500,000; (2) three months of the latest fiscal year for boards with gross sales greater than or equal to \$1,500,000 and less than \$50,000,000; and (3) two months of the latest fiscal year for boards with gross sales equal to or greater than \$50,000,000. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by State law [G.S. 18B-805(b), (2), (3), and (4)].

Unrestricted net position - This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on the change in net position for the prior year.

Subsequent Events

Management has evaluated subsequent events through September 18, 2024, the date on which the financial statements were available to be issued.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits

Local Government Employees' Retirement System

Plan Description

The Board is a participating employer in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached aged 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains on the plan.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Benefits Provided

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2024, was 12.90% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$412,426 and \$371,457 for the years ended June 30, 2024 and June 30, 2023, respectively.

Refunds of Contributions

Board employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Board reported a liability of \$2,229,066 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Board's proportion was 0.03366%, which was an increase of 0.00483% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Board recognized pension expense of \$678,670. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248,384	\$ 5,347
Changes of assumptions	94,722	-
Net difference between projected and actual earnings on pension plan investments	596,596	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	170,543	20,118
Employer contributions subsequent to the measurement date	412,426	-
	\$ 1,522,671	\$ 25,465

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

The Board reported \$412,426 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2025	\$ 409,846
2026	211,044
2027	438,663
2028	<u>25,227</u>
	<u>\$ 1,084,780</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2020, adopted by the LGERS.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Actuarial Assumptions, continued

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0 %	1.4 %
Global equity	42.0 %	5.3 %
Real estate	8.0 %	4.3 %
Alternatives	8.0 %	8.9 %
Credit	7.0 %	6.0 %
Inflation protection	6.0 %	4.0 %
	<u>100.0 %</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Board's proportionate share of what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current discount rate:

	Current		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability	\$ 3,861,770	\$ 2,229,066	\$ 884,872

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Death Benefits

The Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contribution membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Board has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the Post Employment benefit amount and the other benefit amount. The Board considers these contributions to be immaterial.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB)

Plan Description

From 1997 until January 16, 2007 the Board had a policy to provide health insurance benefits to retirees. Retirees with at least 30 years of service were provided health insurance at no cost to the retiree through continuing enrollment (employee-only coverage) in the Board's health insurance plan until age 65. At age 65, a supplemental health insurance policy was provided at the Board's cost for the retiree's lifetime. This benefit was also available under certain early retirement elections, but with early retirement the benefit was paid for fully by the retiree and ceased at age 65. On January 16, 2007 the Board terminated the health insurance benefit for future retirees under a 12-year transition plan that ended on June 30, 2019. During the transition plan period (January 16, 2007 to June 30, 2019) retirees may participate in the Board's health insurance plan by paying either a portion or all of the premium but the benefit ceases at age 65. Health benefits for future retirees are fully eliminated for retirements beyond the fiscal year ended June 30, 2019.

Total OPEB Liability

The Board's total OPEB liability of \$467,491 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Methods and Assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases:	
General employees	3.25 to 8.41 percent
Law enforcement officers	3.25 to 7.90 percent
Discount rate	3.65 percent
Healthcare cost trend rates:	
Medicare	5.13% percent for 2022, decreasing to an ultimate rate of 4.50% percent by 2025

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by The Bond Buyer.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB), continued

Changes in Total OPEB Liability

Balance at June 30, 2023	\$	497,125
Changes for the year:		
Interest on total OPEB liability and cash flows		16,881
Difference between expected and actual experience		(1,713)
Changes in assumptions or other inputs		(3,923)
Net benefit payments		<u>(40,879)</u>
Net changes		<u>(29,634)</u>
Balance at June 30, 2024	\$	<u>467,491</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the RP-2010 Total Data Set for Healthy Annuitants Mortality Table, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a review of recent plan experience performed concurrently with the June 30, 2022.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	Current		
	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 505,350	\$ 467,491	\$ 434,253

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$ 432,176	\$ 467,491	\$ 506,992

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB), continued

Changes in Total OPEB Liability, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Board recognized OPEB income of \$24,054. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Benefit payments & administrative costs made subsequent to the measurement date	35,299	-
	\$ 35,299	\$ -

3. Law Enforcement Division

The statements of net position of the Board include land, building improvements, equipment, and motor vehicles of the Law Enforcement Division. However, the depreciation expense for these assets is charged directly to the Law Enforcement Division so as to properly reflect the Division's expenses.

4. Non-current Liabilities

Changes in Non-current Liabilities

The following is a summary of changes in non-current liabilities reported in the financial statements for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Accrued vacation	\$ 140,977	\$ 130,034	\$ (83,467)	\$ 187,544	\$ -
Lease liabilities	1,922,558	744,406	(259,733)	2,407,231	465,022
Net pension liability	1,626,424	602,642	-	2,229,066	-
Total OPEB liability	497,125	-	(29,634)	467,491	-
Total non-current liabilities	\$ 4,187,084	\$ 1,477,082	\$ (372,834)	\$ 5,291,332	\$ 465,022

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

4. Non-current Liabilities, continued

Changes in Non-current Liabilities, continued

The following is a summary of changes in non-current liabilities reported in the financial statements for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Accrued vacation	\$ 101,602	\$ 111,330	\$ (71,955)	\$ 140,977	\$ -
Lease liabilities	2,207,760	-	(285,202)	1,922,558	265,936
Net pension liability	469,280	1,157,144	-	1,626,424	-
Total OPEB liability	<u>551,987</u>	<u>-</u>	<u>(54,862)</u>	<u>497,125</u>	<u>-</u>
Total non-current liabilities	<u>\$ 3,330,629</u>	<u>\$ 1,268,474</u>	<u>\$ (412,019)</u>	<u>\$ 4,187,084</u>	<u>\$ 265,936</u>

5. Leases

The Board has entered into lease agreements for buildings for five store locations with terms ranging from 36 months to 120 months, and interest rates ranging from 2.55% to 8.00%. The Board's finance leases do not contain material restrictive covenants or residual value guarantees. The total of the Board's lease assets is recorded at a cost of \$3,115,129, less accumulated amortization of \$831,553.

Some leases include one or more options to renew, generally at the Board's sole discretion, with renewal terms that can extend the lease term. In addition, certain leases contain termination options, where the rights to terminate are held by either the Board, the lessor, or both parties.

The components of lease expense for the years ended June 30, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of ROU assets	\$ 323,775	\$ 317,822
Interest on lease liabilities	<u>56,889</u>	<u>55,988</u>
Total finance lease cost	<u>\$ 380,664</u>	<u>\$ 373,810</u>

The weighted average remaining lease term for the finance leases as of June 30, 2024 and 2023 was 5.40 and 7.41 years, respectively.

The weighted average discount rate as of June 30, 2024 and 2023 was 4.39% and 2.71%, respectively.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

5. Leases, continued

Maturities of lease liabilities as of June 30, 2024 were as follows:

	Leases		
	Principal	Interest	Total
2025	\$ 465,022	\$ 92,020	\$ 557,042
2026	513,630	64,162	577,792
2027	454,346	36,185	490,531
2028	265,187	23,236	288,423
2029	267,051	16,128	283,179
Thereafter	441,995	11,177	453,172
	\$ 2,407,231	\$ 242,908	\$ 2,650,139

6. Vacation and Sick Leave Compensation

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2024 and 2023 amounted to \$187,544 and \$140,977, respectively. The current portion of the accumulated vacation pay is not considered to be material.

Employees can accumulate an unlimited amount of sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

7. Distributions of Profit

North Carolina G.S. 18B-805 requires that the minimum distribution set aside in (c)(1) and any profit remaining after deducting amounts required for law enforcement and alcohol education and retaining proper working capital, be paid quarterly to the appointing authority.

The Board has made distributions as follows for the years ended June 30:

	2024	2023
90% County of Durham	\$ 2,700,000	\$ 2,600,000
10% City of Durham	\$ 291,000	\$ 287,000

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

8. Law Enforcement and Alcohol Education Expenses

The Board is required by law to expend at least 5% of its profits for law enforcement and not less than 7% for alcohol education (alcohol education requirements follows local enabling act). Profits are defined by law for these calculations as change in net position before law enforcement and educational expenses, less the 3.5% markup provided in G.S. 18B-804(b)(5) and the bottle charge provided for in G.S. 18B-804(b)(6b).

	<u>2024</u>	<u>2023</u>
Change in net position before distributions	\$ 6,564,949	\$ 7,382,971
Less: 3.5% tax and bottle charge	<u>1,699,657</u>	<u>1,702,009</u>
Profit subject to expense percentages	<u>\$ 4,865,292</u>	<u>\$ 5,680,962</u>
Law enforcement expenditures	<u>\$ 768,915</u>	<u>\$ 677,241</u>
Percentage of profit	15.80 %	11.92 %
Provision for alcohol education and rehabilitation	<u>\$ 508,370</u>	<u>\$ 380,000</u>
Percentage of profit	10.45 %	6.69 %

9. Disbursement of Taxes Included in Selling Price

A state excise tax at the rate of 30% on the liquor (net sales) price is charged monthly on sales (excluding wine sales). Transactions for this account for the years ending June 30, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Taxes payable, beginning of year	\$ 1,119,079	\$ 988,799
Taxes collected during the year	13,461,395	13,460,238
Taxes remitted to Department of Revenue	<u>(13,545,803)</u>	<u>(13,329,958)</u>
Taxes payable, end of year	<u>\$ 1,034,671</u>	<u>\$ 1,119,079</u>

The excise tax is computed in accordance with G.S. 18B-805(i) and is included in state taxes payable in the statements of net position.

The accrued North Carolina excise tax at June 30, 2024 was remitted to the North Carolina Department of Revenue on July 19, 2024.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

9. Disbursement of Taxes Included in Selling Price, continued

A bottle charge of one cent on each bottle containing 50 milliliters or less and five cents on each bottle containing more than 50 milliliters is collected and distributed monthly for alcohol education and rehabilitation. For the years ended June 30, 2024 payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	1,956,742 at 5 cents = \$	97,837
Mixed beverage bottles	433,411 at 5 cents =	21,671
Miniature bottles	904,533 at 1 cent =	<u>9,045</u>
Total payment for the year		<u>\$ 128,553</u>

For the year ended June 30, 2023 payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	2,017,803 at 5 cents = \$	100,890
Mixed beverage bottles	430,921 at 5 cents =	21,546
Miniature bottles	878,315 at 1 cent =	<u>8,783</u>
Total payment for the year		<u>\$ 131,219</u>

A "mixed beverage tax" as provided for in G.S.18B-804(b)(8) at the rate of \$20 per 4 liters is charged on the sale of liquor to be resold as mixed beverages. One-half of the mixed beverage tax is submitted monthly to the NC Department of Revenue. Five percent of the mixed beverage tax is submitted monthly to the NC Department of Health and Human Services.

The mixed beverage tax for the years ending June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Department of Revenue (50%)	\$ 853,848	\$ 840,459
Department of Health and Human Services (5%)	85,389	84,046
Profit retained and remitted to local government (45%)	<u>768,459</u>	<u>756,413</u>
	<u>\$ 1,707,696</u>	<u>\$ 1,680,918</u>

10. Surcharge Collected

The total amount of surcharge collected for the years June 30, 2024 and 2023 was \$301,216 and \$300,987, respectively. The bailment surcharge rate is \$1.15 per case.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

11. Liquor Sales Tax

The amount of sales tax collected by the Board and remitted to the Department of Revenue for the years ended June 30, 2024 and 2023 was \$3,476,600 and \$3,440,003, respectively. The current sales tax rate is 7%. This tax is collected as agent for the State in each sales transaction and remitted each month to the State. This tax is not shown in the schedules of revenues, expenses, and changes in net position.

12. Retail Outlets

The ABC Board operated ten retail outlets with two of the locations offering mixed beverage.

Store #	Store Address	Gross Sales Year ended June 30,		Change in Net Position Year ended June 30,	
		2024	2023	2024	2023
1	1928 Holloway St.	\$ 5,348,000	\$ 5,429,567	\$ 828,743	\$ 877,268
3	2806 Hillsborough Rd.	5,472,979	5,668,927	809,913	911,170
4	2121 T.W. Alexander Dr.	5,489,972	5,292,637	733,964	723,686
5	115 Sherron Rd.	3,621,827	3,551,391	328,963	370,193
7	1517 Glenn School Rd.	-	-	(14,933)	-
8	5122 N. Roxboro Rd.	4,689,336	4,941,135	499,731	563,831
10	5608 Highway 55	12,706,272	9,445,264	2,283,783	1,712,584
11	3620 Chapel Hill Blvd	13,683,352	16,201,503	2,834,920	3,419,243
12	1515 N. Point Dr.	5,726,068	5,765,237	682,464	740,110
14	4717 Hope Valley Rd.	5,569,782	5,932,692	860,778	942,054
		<u>\$ 62,307,588</u>	<u>\$ 62,228,353</u>	<u>\$ 9,848,326</u>	<u>\$ 10,260,139</u>

13. Working Capital

The Board is required by the Alcoholic Beverage Control Commission rule [.0902] to set its working capital requirements at not less than two weeks average gross sales of the last fiscal year. (Gross sales are gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4)).

	<u>2024</u>	<u>2023</u>
Minimum amount	\$ 1,837,568	\$ 1,835,092
Maximum amount	\$ 11,944,193	\$ 11,928,098
Actual amount	\$ 10,720,060	\$ 8,447,082

The Board has met the minimum amount of working capital required by ABC law as shown above.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

14. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has commercial property, general liability, auto liability, workmen's compensation, data breach, flood, wind and hail, public officials liability/employment practice and employee health coverage. The Board also has liquor legal liability coverage.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety

15. Contingencies and Commitments

The Board entered into a service contract with the NC State Bureau of Investigations, Alcohol Law Enforcement Branch (ALE) for the ALE to provide law enforcement of the ABC laws within Durham County. The contract extends through the year ending June 30, 2025 with the Board agreeing to pay \$90,097 per quarter.

Required Supplementary Information

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information

Last Ten Fiscal Years*

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0336 %	0.0288 %	0.0306 %	0.0264 %	0.0297 %
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 2,229,066	\$ 1,626,424	\$ 469,280	\$ 943,384	\$ 811,357
ABC Board's covered-employee payroll	\$ 3,050,620	\$ 2,608,382	\$ 2,410,876	\$ 2,153,404	\$ 2,299,853
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.07 %	62.35 %	19.47 %	43.81 %	35.28 %
Plan fiduciary net position as a percentage of the total pension liability**	82.49 %	84.14 %	91.63 %	88.61 %	90.86 %

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**This will be the same percentage for all participant employers in the LGERs plan.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Proportionate Share of Net Pension Liability (Asset), continued

Required Supplementary Information

Last Ten Fiscal Years*

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0328 %	0.0303 %	0.0295 %	0.0317 %	(0.2890)%
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 778,128	\$ 462,595	\$ 625,664	\$ 142,178	\$ (186,477)
ABC Board's covered-employee payroll	\$ 2,253,249	\$ 2,164,634	\$ 1,919,632	\$ 1,863,329	\$ 1,854,330
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.53 %	21.37 %	32.59 %	7.63 %	10.06 %
Plan fiduciary net position as a percentage of the total pension liability**	91.63 %	94.18 %	91.45 %	98.09 %	102.64 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions

Required Supplementary Information

Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 420,372	\$ 371,457	\$ 298,824	\$ 248,025	\$ 194,561
Contribution in relation to the contractually required contribution	<u>420,372</u>	<u>371,457</u>	<u>298,824</u>	<u>248,025</u>	<u>194,561</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered-employee payroll	\$ 3,192,461	\$ 3,050,620	\$ 2,608,382	\$ 2,410,876	\$ 2,153,404
Contributions as a percentage of covered-employee payroll	13.17 %	12.18 %	11.46 %	10.29 %	9.04 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions, continued

Required Supplementary Information

Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 181,112	\$ 171,914	\$ 160,184	\$ 130,609	\$ 139,597
Contribution in relation to the contractually required contribution	<u>181,112</u>	<u>171,914</u>	<u>160,184</u>	<u>130,609</u>	<u>139,597</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
ABC Board's covered-employee payroll	\$ 2,299,853	\$ 2,253,249	\$ 2,164,634	\$ 1,919,632	\$ 1,863,329
Contributions as a percentage of covered-employee payroll	7.87 %	7.63 %	7.40 %	6.80 %	7.49 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Seven Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest on total OPEB liability and cash flows	\$ 16,881	\$ 11,503	\$ 12,582	\$ 19,077
Difference between expected and actual experience	(1,713)	29,669	173	(17,100)
Changes of assumptions or other inputs	(3,923)	(56,937)	(10,126)	60,695
Benefit payments	<u>(40,879)</u>	<u>(39,097)</u>	<u>(39,718)</u>	<u>(36,990)</u>
Net change in total OPEB liability	(29,634)	(54,862)	(37,089)	25,682
Total OPEB liability, beginning	<u>497,125</u>	<u>551,987</u>	<u>589,076</u>	<u>563,394</u>
Total OPEB liability, ending	\$ <u>467,491</u>	\$ <u>497,125</u>	\$ <u>551,987</u>	\$ <u>589,076</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered payroll	- %	- %	- %	- %

Notes to Schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Year	Rate
2024	3.65 %
2023	3.54 %
2022	2.16 %
2021	2.21 %
2020	3.50 %
2019	3.89 %
2018	3.56 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Changes in the Total OPEB Liability and Related Ratios, continued

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest on total OPEB liability and cash flows	\$ 21,304	\$ 20,905	\$ -
Difference between expected and actual experience	(1,996)	343	-
Changes of assumptions or other inputs	18,653	(146,293)	16,988
Benefit payments	<u>-</u>	<u>(43,786)</u>	<u>(43,786)</u>
Net change in total OPEB liability	37,961	(168,831)	(26,798)
Total OPEB liability, beginning	<u>525,433</u>	<u>694,264</u>	<u>721,062</u>
Total OPEB liability, ending	<u>\$ 563,394</u>	<u>\$ 525,433</u>	<u>\$ 694,264</u>
Covered payroll	\$ -	\$ 2,299,853	\$ 2,253,249
Total OPEB liability as a percentage of covered payroll	- %	22.85 %	30.81 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions

Required Supplementary Information

Last Seven Fiscal Years

Total OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 40,879	\$ 39,097	\$ 39,718	\$ 36,990
Contributions in relation to the contractually required contribution	<u>40,879</u>	<u>39,097</u>	<u>39,718</u>	<u>36,990</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	- %	- %	- %	- %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions, continued

Required Supplementary Information

Last Seven Fiscal Years

Total OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ 43,786	\$ 43,786
Contributions in relation to the contractually required contribution	<u>-</u>	<u>43,786</u>	<u>43,786</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered-employee payroll	\$ -	\$ 2,299,853	\$ 2,253,249
Contributions as a percentage of covered-employee payroll	- %	1.90 %	1.94 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Required Supplementary Information

Changes in Assumptions

Local Government Employees' Retirement System

In fiscal year 2024, the inflation rate decreased from 3.00 to 2.50%. Salary increases decreased from a range of 3.50% - 8.10% to 3.25% - 8.41%. Investment rate of return decreased from 7.00%, net of pension plan investment expense, to 6.50%.

In fiscal year 2023, there were no changes in actuarial assumptions.

In fiscal year 2022, there were no changes in actuarial assumptions.

In fiscal year 2021, there were no changes in actuarial assumptions.

In fiscal year 2020, there were no changes in actuarial assumptions.

In fiscal year 2019, investment rate of return decreased from 7.20%, net of pension plan investment expense, to 7.00%. There were no other changes in actuarial assumptions.

In fiscal year 2018, salary increases increased from a range of 3.50% - 7.75% to 3.50% - 8.10%. Investment rate of return decreased from 7.25%, net of pension plan investment expense, to 7.20%. There were no other changes in actuarial assumptions.

In fiscal year 2017, salary increases decreased from a range of 4.25% - 8.55% to 3.50% - 7.75%. There were no other changes in actuarial assumptions.

In fiscal year 2016, there were no changes in actuarial assumptions.

In fiscal year 2015, the inflation rate was set at 3.00%, salary increases were set at 4.25% - 8.55%, and investment rate of return was set at 7.25%, net of pension plan investment expense.

Other Post-Employment Benefit Plan

In fiscal year 2024, the discount rate increased from 3.54% to 3.65%. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

In fiscal year 2023, the discount rate increased from 2.16% to 3.54%. The medical trend assumption was reset to 5.25% trending down to an ultimate rate of 4.50% by 2025 post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Required Supplementary Information, continued

Changes in Assumptions, continued

Other Post-Employment Benefit Plan, continued

In fiscal year 2022, the discount rate decreased from 2.21% to 2.16%. Salary increases were reset to 3.25% - 8.41% for general employees and 3.25% - 7.90% for law enforcement officers. There were no changes in assumptions concerning mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

In fiscal year 2021, the discount rate decreased from 3.50% to 2.21%. The medical trend assumption was reset to 7.00% for 2020 trending down to an ultimate rate of 4.50% by 2030 for pre-65 retirees and 5.25% for 2020 trending down to an ultimate rate of 4.50% by 2024 for post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

In fiscal year 2020, the discount rate decreased from 3.89% to 3.50%. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rates.

In fiscal year 2019, the discount rate increased from 3.56% to 3.89%. The medical trend assumption was reset to 7.25% for 2018 trending down to an ultimate rate of 4.75% by 2028 for pre-65 retirees and 5.38% for 2018 trending down by to an ultimate rate of 4.75% by 2022 for post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

In fiscal year 2018, the discount rate was set at 3.56%. Inflation was set at 2.50% with salary increases of 3.50% to 7.35%. The medical trend assumption was set at 7.50% for 2017 trending down to an ultimate rate of 5.00% by 2023 for pre-65 retirees and 5.50% for 2017 trending down to an ultimate rate of 5.00% by 2020 for post-65 retirees.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Revenue and Store, Warehouse, and Administrative Expenses
Year ended June 30, 2024

	<u>Store 1</u>	<u>Store 3</u>	<u>Store 4</u>	<u>Store 5</u>	<u>Store 7</u>	<u>Store 8</u>	<u>Store 10</u>
Gross sales:							
Liquor sales - regular	\$ 5,347,508	\$ 5,468,835	\$ 5,488,120	\$ 3,620,415	\$ -	\$ 4,687,355	\$ 7,421,085
Mixed beverage sales	-	-	-	-	-	-	5,281,820
Wine sales	492	4,144	1,852	1,412	-	1,981	3,367
Total gross sales	<u>5,348,000</u>	<u>5,472,979</u>	<u>5,489,972</u>	<u>3,621,827</u>	<u>-</u>	<u>4,689,336</u>	<u>12,706,272</u>
Deduct taxes on gross sales:							
State excise tax	1,155,176	1,181,482	1,185,620	782,172	-	1,012,704	2,746,055
Mixed beverage tax (revenue)	-	-	-	-	-	-	343,761
Mixed beverage tax (human resources)	-	-	-	-	-	-	34,378
Rehabilitation tax	11,031	11,284	11,316	7,465	-	9,663	26,238
Wine sales tax	34	287	128	98	-	137	237
Total taxes on gross sales	<u>1,166,241</u>	<u>1,193,053</u>	<u>1,197,064</u>	<u>789,735</u>	<u>-</u>	<u>1,022,504</u>	<u>3,150,669</u>
Net sales	4,181,759	4,279,926	4,292,908	2,832,092	-	3,666,832	9,555,603
Cost of sales	<u>2,824,214</u>	<u>2,877,769</u>	<u>2,917,815</u>	<u>1,980,488</u>	<u>-</u>	<u>2,485,526</u>	<u>6,333,791</u>
Gross profit on sales	1,357,545	1,402,157	1,375,093	851,604	-	1,181,306	3,221,812
Operating expenses:							
Salaries and wages	209,156	236,896	196,790	183,478	-	180,990	312,583
FICA taxes	16,204	18,143	15,709	14,091	-	14,765	23,386
Pension expense	43,413	49,493	43,506	39,188	-	37,889	64,676
401(K) expense	3,733	6,360	5,023	7,042	-	4,555	8,365
Life insurance	677	752	788	646	-	690	1,029
Hospital insurance	39,945	43,873	47,377	51,996	-	53,498	101,822
Disability insurance	2,025	2,255	2,344	2,169	-	2,392	3,057
Dental insurance	1,528	2,841	4,525	2,631	-	2,379	6,347
Vision insurance	273	400	614	406	-	332	872
Utilities	16,489	16,594	13,856	17,924	1,366	22,020	27,254
Telephone	1,332	1,332	1,332	1,332	42	1,333	1,589
Credit card expenses	61,121	93,281	95,486	52,987	1,512	68,917	155,930
Insurance - general	8,149	8,149	8,149	8,149	-	8,149	12,293
Supplies	16,452	17,357	15,873	12,335	597	14,229	32,326
Travel expense	-	-	93	-	-	-	-
Safe deposit	9,196	6,512	6,512	6,512	-	6,512	6,512
Maintenance agreements	16,863	16,863	16,863	16,863	13	16,863	25,582
Building maintenance	12,533	20,859	40,554	13,020	9,466	79,892	8,550
Postage	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Per diem - Board members	-	-	-	-	-	-	-
Yard maintenance	4,744	4,744	629	6,009	-	-	4,744
Security - alarm contracts	795	608	443	536	-	737	(702)
Vehicle expense	-	-	-	-	-	-	115
Gas and oil	-	-	-	-	-	-	727
Waste disposal	3,593	771	-	7,894	-	9,242	6,196
Bottled water	722	440	647	577	-	468	-
Staff training and development	-	-	-	-	-	-	-
Minor equipment	745	382	1,243	946	1,937	269	780
Interest expense	-	-	6,847	-	-	18,939	-
Total operating expenses	<u>469,688</u>	<u>548,905</u>	<u>525,203</u>	<u>446,731</u>	<u>14,933</u>	<u>545,060</u>	<u>804,033</u>
Depreciation	59,114	43,339	34,478	75,910	-	32,370	133,996
Amortization	-	-	81,448	-	-	104,145	-
Total expenses	<u>528,802</u>	<u>592,244</u>	<u>641,129</u>	<u>522,641</u>	<u>14,933</u>	<u>681,575</u>	<u>938,029</u>
Income (loss) from operations	828,743	809,913	733,964	328,963	(14,933)	499,731	2,283,783
Non-operating revenues (expenses)	-	-	-	-	-	-	-
Change in net position before profit distributions	<u>\$ 828,743</u>	<u>\$ 809,913</u>	<u>\$ 733,964</u>	<u>\$ 328,963</u>	<u>\$ (14,933)</u>	<u>\$ 499,731</u>	<u>\$ 2,283,783</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Revenue and Store, Warehouse, and Administrative Expenses, continued
Year ended June 30, 2024

	<u>Store 11</u>	<u>Store 12</u>	<u>Store 14</u>	<u>Subtotal</u>	<u>Warehouse</u>	<u>Administrative</u>	<u>Total</u>
Gross sales:							
Liquor sales - regular	\$ 5,842,045	\$ 5,722,354	\$ 5,566,350	\$ 49,164,067	\$ -	\$ -	\$ 49,164,067
Mixed beverage sales	7,838,776	-	-	13,120,596	-	-	13,120,596
Wine sales	2,531	3,714	3,432	22,925	-	-	22,925
Total gross sales	<u>13,683,352</u>	<u>5,726,068</u>	<u>5,569,782</u>	<u>62,307,588</u>	<u>-</u>	<u>-</u>	<u>62,307,588</u>
Deduct taxes on gross sales:							
State excise tax	2,959,130	1,236,399	1,202,657	13,461,395	-	-	13,461,395
Mixed beverage tax (revenue)	510,087	-	-	853,848	-	-	853,848
Mixed beverage tax (human resources)	51,011	-	-	85,389	-	-	85,389
Rehabilitation tax	28,288	11,791	11,477	128,553	-	-	128,553
Wine sales tax	217	257	238	1,633	-	-	1,633
Total taxes on gross sales	<u>3,548,733</u>	<u>1,248,447</u>	<u>1,214,372</u>	<u>14,530,818</u>	<u>-</u>	<u>-</u>	<u>14,530,818</u>
Net sales	10,134,619	4,477,621	4,355,410	47,776,770	-	-	47,776,770
Cost of sales	<u>6,451,014</u>	<u>3,022,613</u>	<u>2,941,652</u>	<u>31,834,882</u>	<u>-</u>	<u>-</u>	<u>31,834,882</u>
Gross profit on sales	3,683,605	1,455,008	1,413,758	15,941,888	-	-	15,941,888
Operating expenses:							
Salaries and wages	318,368	240,394	213,804	2,092,459	517,298	1,672,328	4,282,085
FICA taxes	24,872	18,215	16,928	162,313	39,120	125,167	326,600
Pension expense	67,316	48,287	45,666	439,434	95,802	143,434	678,670
401(K) expense	7,784	2,670	1,687	47,219	11,445	22,266	80,930
Life insurance	1,660	937	803	7,982	1,702	2,618	12,302
Hospital insurance	68,958	54,607	33,779	495,855	88,865	164,586	749,306
Disability insurance	4,954	2,807	2,412	24,415	5,114	7,781	37,310
Dental insurance	3,961	2,663	3,512	30,387	5,278	8,797	44,462
Vision insurance	534	381	478	4,290	810	1,267	6,367
Utilities	22,435	16,690	13,949	168,577	20,791	15,568	204,936
Telephone	1,947	1,333	1,333	12,905	3,294	6,552	22,751
Credit card expenses	141,853	88,301	98,433	857,821	-	-	857,821
Insurance - general	12,293	8,149	8,149	81,629	25,087	8,269	114,985
Supplies	21,392	16,899	17,684	165,144	4,768	29,227	199,139
Travel expense	-	-	-	93	-	45,931	46,024
Safe deposit	6,512	6,512	6,513	61,293	-	-	61,293
Maintenance agreements	27,130	16,863	16,863	170,766	16,494	28,228	215,488
Building maintenance	17,899	50,363	26,097	279,233	9,608	21,858	310,699
Postage	-	-	-	-	-	4,010	4,010
Professional services	-	-	-	-	-	132,335	132,335
Per diem - Board members	-	-	-	-	-	27,300	27,300
Yard maintenance	4,744	-	4,741	30,355	4,744	-	35,099
Security - alarm contracts	815	1,076	557	4,865	1,247	1,488	7,600
Vehicle expense	269	-	-	384	6,718	4,624	11,726
Gas and oil	1,637	-	-	2,364	9,411	4,059	15,834
Waste disposal	13,153	4,003	3,204	48,056	1,516	284	49,856
Bottled water	501	532	477	4,364	501	383	5,248
Staff training and development	-	-	-	-	-	23,648	23,648
Minor equipment	1,014	1,549	1,109	9,974	995	2,252	13,221
Interest expense	-	29,286	1,818	56,890	-	-	56,890
Total operating expenses	<u>772,001</u>	<u>612,517</u>	<u>519,996</u>	<u>5,259,067</u>	<u>870,608</u>	<u>2,504,260</u>	<u>8,633,935</u>
Depreciation	76,684	30,100	24,730	510,721	48,900	35,104	594,725
Amortization	-	129,927	8,254	323,774	-	-	323,774
Total expenses	<u>848,685</u>	<u>772,544</u>	<u>552,980</u>	<u>6,093,562</u>	<u>919,508</u>	<u>2,539,364</u>	<u>9,552,434</u>
Income (loss) from operations	2,834,920	682,464	860,778	9,848,326	(919,508)	(2,539,364)	6,389,454
Non-operating revenues (expenses)	-	-	-	-	-	175,495	175,495
Change in net position before profit distributions	<u>\$ 2,834,920</u>	<u>\$ 682,464</u>	<u>\$ 860,778</u>	<u>\$ 9,848,326</u>	<u>\$ (919,508)</u>	<u>\$ (2,363,869)</u>	<u>\$ 6,564,949</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

(A Component Unit of Durham County Government)

Schedule of Store, Warehouse, and Administrative Expenses

Year ended June 30, 2023

	<u>Store 1</u>	<u>Store 3</u>	<u>Store 4</u>	<u>Store 5</u>	<u>Store 8</u>	<u>Store 9</u>	<u>Store 10</u>
Operating expenses:							
Salaries and wages	\$ 196,569	\$ 198,894	\$ 200,770	\$ 186,586	\$ 182,401	\$ (7,060)	\$ 298,175
FICA taxes	14,748	14,455	14,561	14,312	13,026	-	22,544
Pension expense	27,416	28,106	28,080	26,686	26,086	-	41,915
401(K) expense	4,592	4,358	5,684	6,603	5,381	-	6,355
Life insurance	661	650	734	651	664	-	891
Hospital insurance	31,798	27,152	27,091	22,770	34,148	63	30,699
Disability insurance	2,109	1,943	2,198	2,098	2,170	-	2,667
Dental insurance	1,835	3,095	3,195	1,369	2,382	-	3,833
Vision insurance	202	372	372	153	305	-	357
Utilities	18,670	13,319	12,744	15,552	19,820	1,171	29,004
Telephone	830	830	830	830	830	1,875	1,251
Credit card expenses	58,002	92,172	85,435	49,615	68,681	55,657	121,882
Insurance - general	8,868	8,868	8,868	8,868	8,868	8,737	16,130
Supplies	22,742	25,311	21,558	16,754	21,222	(14,617)	33,025
Travel expense	82	71	111	-	109	80	-
Safe deposit	8,789	8,295	8,295	8,675	8,295	3,241	8,626
Temporary help	-	-	-	-	-	-	-
Maintenance agreements	16,550	16,550	43,106	16,550	73,806	16,252	18,487
Building maintenance	8,767	10,721	8,578	24,137	19,495	3,182	17,780
Postage	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-	-	-
Per diem - Board members	-	-	-	-	-	-	-
Yard maintenance	4,217	3,845	805	3,905	258	-	3,845
Security - alarm contracts	2,309	1,894	1,187	929	1,268	-	4,909
Vehicle expense	-	-	-	-	-	4,689	-
Gas and oil	-	-	-	-	-	1,792	371
Waste disposal	2,525	1,887	-	6,375	7,789	1,252	7,009
Advertising	-	-	-	-	-	-	-
Bottled water	483	408	640	478	378	-	130
Staff training and development	-	-	-	-	-	-	-
Minor equipment	977	1,756	1,552	419	1,548	471	6,812
Interest expense	-	-	2,212	-	21,312	-	-
Total operating expenses	433,741	464,952	478,606	414,315	520,242	76,785	676,697
Depreciation	61,275	41,828	36,338	71,616	41,550	26,320	101,929
Amortization	-	-	83,750	-	104,145	-	-
Total expenses	<u>\$ 495,016</u>	<u>\$ 506,780</u>	<u>\$ 598,694</u>	<u>\$ 485,931</u>	<u>\$ 665,937</u>	<u>\$ 103,105</u>	<u>\$ 778,626</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Store, Warehouse, and Administrative Expenses, continued
Year ended June 30, 2023

	<u>Store 11</u>	<u>Store 12</u>	<u>Store 14</u>	<u>Subtotal</u>	<u>Warehouse</u>	<u>Administrative</u>	<u>Total</u>
Operating expenses:							
Salaries and wages	\$ 305,331	\$ 214,021	\$ 228,823	\$ 2,004,510	\$ 463,218	\$ 1,486,316	\$ 3,954,044
FICA taxes	22,571	16,278	16,060	148,555	34,020	108,899	291,474
Pension expense	42,354	30,187	29,893	280,723	63,841	88,773	433,337
401(K) expense	6,922	3,054	3,578	46,527	11,690	19,594	77,811
Life insurance	1,174	794	662	6,881	1,781	2,203	10,865
Hospital insurance	44,372	31,725	24,206	274,024	54,025	96,015	424,064
Disability insurance	3,505	2,373	1,987	21,050	5,287	6,605	32,942
Dental insurance	2,250	1,955	1,902	21,816	4,280	6,672	32,768
Vision insurance	381	290	197	2,629	465	730	3,824
Utilities	18,590	17,303	10,591	156,764	20,470	16,788	194,022
Telephone	827	870	960	9,933	3,162	5,411	18,506
Credit card expenses	101,975	84,950	99,413	817,782	-	-	817,782
Insurance - general	8,868	8,868	8,868	95,811	22,043	6,527	124,381
Supplies	26,244	22,825	26,034	201,098	8,480	18,765	228,343
Travel expense	-	130	-	583	-	27,770	28,353
Safe deposit	4,723	8,295	8,295	75,529	-	-	75,529
Temporary help	-	-	-	-	841	-	841
Maintenance agreements	17,943	53,532	16,549	289,325	16,569	28,727	334,621
Building maintenance	12,183	8,983	(617)	113,209	10,386	17,394	140,989
Postage	-	-	-	-	-	3,999	3,999
Professional services	-	-	-	-	-	151,528	151,528
Dues and subscriptions	-	-	-	-	-	1,580	1,580
Per diem - Board members	-	-	-	-	-	16,800	16,800
Yard maintenance	3,845	258	3,845	24,823	3,845	375	29,043
Security - alarm contracts	2,449	1,585	1,759	18,289	1,964	1,460	21,713
Vehicle expense	-	-	-	4,689	12,628	7,966	25,283
Gas and oil	-	-	-	2,163	10,152	8,790	21,105
Waste disposal	9,126	3,494	3,352	42,809	1,169	131	44,109
Advertising	-	-	-	-	-	920	920
Bottled water	455	375	433	3,780	455	480	4,715
Staff training and development	-	-	-	-	-	12,414	12,414
Minor equipment	1,653	2,007	1,524	18,719	1,237	1,148	21,104
Interest expense	-	32,463	-	55,987	-	-	55,987
Total operating expenses	637,741	546,615	488,314	4,738,008	752,008	2,144,780	7,634,796
Depreciation	50,357	30,413	22,522	484,148	51,476	44,887	580,511
Amortization	-	129,927	-	317,822	-	-	317,822
Total expenses	\$ 688,098	\$ 706,955	\$ 510,836	\$ 5,539,978	\$ 803,484	\$ 2,189,667	\$ 8,533,129

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Distributions of Profits

Year ended June 30, 2024

<u>Distribution</u>	<u>Recipient</u>	<u>Amount</u>	<u>Date of Distribution</u>	<u>Restrictions on Use</u>
Law Enforcement	NC State Bureau of Investigation - ALE	\$ <u>768,915</u>	7/1/23-6/30/24	Law Enforcement
Alcohol Education	Jubilee Home	\$ 90,000	7/1/23-6/30/24	Alcohol Education
	Urban Ministries of Durham	75,000	7/1/23-6/30/24	Alcohol Education
	El Futuro, Inc.	70,000	7/1/23-6/30/24	Alcohol Education
	Life Skills Foundation	70,000	7/1/23-6/30/24	Alcohol Education
	Durham Justice Services Department	60,000	7/1/23-6/30/24	Alcohol Education
	Pinnacle Community Development Corporation	50,000	7/1/23-6/30/24	Alcohol Education
	Purpose Learning Lab	50,000	7/1/23-6/30/24	Alcohol Education
	Durham Proud Program	35,000	7/1/23-6/30/24	Alcohol Education
	Zoom grant software	6,000	7/1/23-6/30/24	Alcohol Education
	Grant advertising	<u>2,370</u>	7/1/23-6/30/24	Alcohol Education
	Total	\$ <u>508,370</u>		
County and Municipality*	City of Durham	\$ 291,000	7/1/23-6/30/24	None
	Durham County	<u>2,700,000</u>	7/1/23-6/30/24	None
	Total	\$ <u>2,991,000</u>		

*Payments to the county and municipality are made quarterly.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Reconciliation of Budget to Actual

Year ended June 30, 2024

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Gross sales:				
Liquor sales-regular	\$51,116,626	\$49,048,361	\$49,164,067	\$ 115,706
Mixed beverage sales	13,133,374	13,120,596	13,120,596	-
Wine sales	<u>-</u>	<u>22,925</u>	<u>22,925</u>	<u>-</u>
Total gross sales	64,250,000	62,191,882	62,307,588	115,706
Non-operating revenues:				
Interest income	54,872	126,825	175,495	48,670
Other income	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	65,304,872	62,318,707	62,483,083	164,376
Expenditures:				
Total taxes based on revenue:				
State excise tax	13,935,825	13,668,208	13,461,395	206,813
Mixed beverage tax (revenue)	815,975	853,848	853,848	-
Mixed beverage tax (human resources)	80,955	85,389	85,389	-
Rehabilitation tax	144,563	128,553	128,553	-
Wine sales tax	<u>-</u>	<u>1,633</u>	<u>1,633</u>	<u>-</u>
Total taxes based on revenue	14,977,318	14,737,631	14,530,818	206,813
Cost of goods sold	33,410,000	32,878,866	31,834,882	(1,043,984)
Operating expenses:				
Personnel expenses	6,012,551	5,951,785	6,218,032	(266,247)
Facilities expenses	748,549	794,517	687,831	106,686
Supplies and materials	372,556	221,427	221,618	(191)
Contract/professional services	259,612	201,670	132,335	69,335
Repairs and maintenance	400,000	379,392	243,048	136,344
Credit card fees	885,000	857,821	857,821	-
Travel, training, and development	167,000	124,531	69,672	54,859
Other operating expenses	224,459	118,589	203,578	(84,989)
Miscellaneous-contingency	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	9,199,727	8,649,732	8,633,935	15,797
Capital outlay	<u>1,660,000</u>	<u>-</u>	<u>398,249</u>	<u>(398,249)</u>
Total expenditures	\$59,247,045	\$56,266,229	\$55,397,884	\$ 868,345

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Reconciliation of Budget to Actual, continued

Year ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance
Distributions:				
Law enforcement	\$ 660,388	\$ 740,818	\$ 768,915	\$ (28,097)
Alcohol education/rehabilitation	515,000	515,000	508,370	6,630
County and municipal	<u>2,990,000</u>	<u>2,990,000</u>	<u>2,991,000</u>	<u>(1,000)</u>
 Total distributions	 <u>4,165,388</u>	 <u>4,245,818</u>	 <u>4,268,285</u>	 <u>(22,467)</u>
 Total expenditures and distributions	 <u>63,412,433</u>	 <u>60,512,047</u>	 <u>59,666,169</u>	 <u>845,878</u>
 Revenues over (under) expenditures	 1,892,439	 1,806,660	 2,816,914	 (681,502)
Other financing sources (uses):				
Working capital retained	<u>(1,892,439)</u>	<u>(1,806,660)</u>	<u>-</u>	<u>-</u>
 Revenues over expenditures and other financing users	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,816,914</u>	 <u>\$ (681,502)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation and amortization			\$ (918,499)	
Capital outlay			<u>398,249</u>	
 Total			 <u>(520,250)</u>	
 Change in net position			 <u>\$ 2,296,664</u>	