

Basic Financial Statements

DURHAM COUNTY  
ALCOHOLIC BEVERAGE CONTROL BOARD  
(A component unit of Durham County Government)

Years Ended June 30, 2010 and 2009

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

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**ROBERSON CPA FIRM, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Durham County Alcoholic Beverage Control Board

We have audited the accompanying financial statements of the Durham County Alcoholic Beverage Control Board, a component unit of Durham County Government, North Carolina, as of June 30, 2010 and 2009 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Durham County Alcoholic Beverage Control Board management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Durham County Alcoholic Beverage Control Board as of June 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Roberson CPA Firm, PLLC*

Durham, North Carolina  
September 13, 2010

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A component unit of Durham County Government)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010 and 2009

This section of the Durham County Alcoholic Beverage Control Board's financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2010. This information should be read in conjunction with the audited financial statements included in this report.

*FINANCIAL HIGHLIGHTS*

- The Board closed one of its retail locations in February, 2010. They are remodeling the building at this former retail location and are going to relocate the law enforcement operations to this building.
- The Board implemented a new point of sale and inventory management system in September, 2009.
- Working capital increased approximately 7% over the prior year.
- Approximately 21% of profits before distributions were expended for law enforcement in the current year.
- Approximately 4% of profits before distributions were expended for alcohol education in the current year.
- Approximately 4% of gross sales were distributed to the City of Durham and Durham County governmental units in the current year.

*OVERVIEW OF FINANCIAL STATEMENTS*

The audited 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 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 Assets. Assets and liabilities are classified between current and long-term. 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 Assets. 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 and financing activities. With this data, the user can determine the sources of cash, the uses of cash and the change in cash.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010 and 2009

*OVERVIEW OF FINANCIAL STATEMENTS (Continued)*

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

The ABC Commission requires some schedules in addition to the information required by accounting principles generally accepted in the United States of America. They include a Schedule of Store Selling Expenses, a Schedule of Warehouse Expenses and a Schedule of Administrative Expenses.

FINANCIAL ANALYSIS OF THE ABC BOARD

Net assets are an indicator of the fiscal health of the Board. Assets exceed liabilities by \$6,069,547 in 2010. The largest component of net assets is the investment in capital assets which represents 53% of the total net assets. Following is a summary of the Statement of Net Assets:

CONDENSED STATEMENTS OF NET ASSETS

	2010	2009	\$ Change	% Change
Current Assets	\$ 3,981,793	\$ 3,920,998	\$ 60,795	1.6%
Non-Current Assets	4,514,532	4,606,455	(91,923)	(2.0%)
Total Assets	8,496,325	8,527,453	(31,128)	(0.4%)
Current Liabilities	2,314,346	1,940,998	373,348	19.2%
Non-Current Liabilities	112,432	574,631	(462,199)	(80.4%)
Total Liabilities	2,426,778	2,515,629	(88,851)	(3.5%)
Invested in Capital Assets, net of related debt	4,056,387	4,105,935	(49,548)	(1.2%)
Unrestricted Net Assets	1,326,849	1,210,364	116,485	9.6%
Restricted Net Assets	686,311	695,525	(9,214)	(1.3%)
Total Net Assets	6,069,547	6,011,824	57,723	1.0%

The changes in current liabilities and non-current liabilities are due primarily to the reclassification of the note payable from non-current to all current due to the balloon payment due on the note in February 2011.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010 and 2009

*OVERVIEW OF FINANCIAL STATEMENTS (Continued)*

Net assets increased by 1% from the prior year. Operating income decreased 17.7% from the prior year. Following is a summary of the changes in net assets:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2010	2009	\$ Change	% Change
Sales	\$23,319,059	\$22,905,798	\$ 413,261	1.8%
Less Taxes	5,406,482	4,748,754	657,728	13.9%
Net Sales	17,912,577	18,157,044	(244,467)	(1.3%)
Cost of Sales	12,139,834	12,229,176	(89,342)	(0.7%)
Gross Profit	5,772,743	5,927,868	(155,125)	(2.6%)
Operating Expenses	4,347,615	4,193,156	154,459	3.7%
Other Operating				
Income	18,681	19,394	(713)	(3.7%)
Income from Operations	1,443,809	1,754,106	(310,297)	(17.7%)
Nonoperating Income				
(Expense)	(16,792)	(17,735)	943	5.3%
Change in Net Assets				
Before Required				
Distributions	1,427,017	1,736,371	(309,354)	(17.8%)
Distributions	1,369,294	1,507,216	(137,922)	(9.2%)
Change in Net Assets	57,723	229,155	(171,432)	(74.8%)
Net Assets, Beginning	6,011,824	5,782,669	229,155	4.0%
Net Assets, Ending	6,069,547	6,011,824	57,723	1.0%

Effective September 1, 2009 the N.C. State excise tax rate increased from 25% to 30%. This increase was the primary cause of the 13.9% increase in tax expense in 2010, and resulted in decreases in gross profit and income from operations.

Following is a breakdown of sales by source:

	2010	2009	\$ Change	% Change
Retail Liquor Sales	\$18,532,349	\$18,394,435	\$ 137,914	0.7%
Retail Wine Sales	73,684	78,336	(4,652)	(5.9%)
Mixed Beverage Sales	4,713,026	4,433,027	279,999	6.3%
Total Sales	\$23,319,059	\$22,905,798	\$ 413,261	1.8%

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2010 and 2009

*OVERVIEW OF FINANCIAL STATEMENTS (Continued)*

*CAPITAL ASSET AND DEBT ADMINISTRATION*

Capital Assets

Capital Assets increased by 1.3% from the prior year. Following is a summary of the changes in capital assets:

CONDENSED SUMMARY OF CHANGES IN CAPITAL ASSETS

	2010	2009	\$ Change	% Change
Land	\$ 1,539,453	\$ 1,539,453	\$ -	-
Buildings and Improvements	2,673,508	2,692,482	(18,974)	(0.7%)
Equipment	1,154,349	1,082,872	71,477	6.6%
Motor Vehicles	87,119	87,119	-	-
Law Enforcement Leasehold Improvements	202,558	188,341	14,217	7.5%
	865,216	849,492	15,724	1.9%
Total	<u>\$ 6,522,203</u>	<u>\$ 6,439,759</u>	<u>\$ 82,444</u>	<u>1.3%</u>

Debt Administration

The change in long-term debt is due to the fact that the note has a balloon payment due in February, 2011. This has caused a reclassification of the balance of the note from a long term liability to a current liability. In 2004 the Board acquired a building and land that it had previously leased. This property serves as a retail outlet, a mixed beverage pick up location and also houses the Board's administrative and law enforcement offices. The Board obtained financing in the amount of \$700,000 from Mechanics and Farmers Bank (formerly Mutual Community Savings Bank, Inc.) in 2004 to purchase the property.

*REQUESTS FOR INFORMATION*

This report is intended to provide a summary of the financial condition of the Durham County Alcoholic Beverage Control Board. Questions or requests for additional information should be addressed to:

Dewanda S. Dalrymple, COO  
Durham County Alcoholic Beverage Control Board  
3620 Durham Chapel Hill Blvd.  
Durham, N.C. 27707

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A component unit of Durham County Government)  
STATEMENTS OF NET ASSETS  
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,064,315	\$ 1,912,495
Accounts receivable	1,089	282
Inventories	1,797,737	1,865,224
Prepaid assets	<u>118,652</u>	<u>142,997</u>
 TOTAL CURRENT ASSETS	 3,981,793	 3,920,998
PROPERTY AND EQUIPMENT		
Land	1,539,453	1,539,453
Buildings and improvements	2,673,509	2,692,482
Equipment	1,154,348	1,082,872
Motor vehicles	87,119	87,119
Law enforcement	217,190	188,341
Leasehold improvements	<u>850,584</u>	<u>849,492</u>
	6,522,203	6,439,759
Less accumulated depreciation	<u>2,007,671</u>	<u>1,833,304</u>
	<u>4,514,532</u>	<u>4,606,455</u>
	<u>\$ 8,496,325</u>	<u>\$ 8,527,453</u>

See accompanying notes.



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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STATEMENTS OF NET ASSETS  
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 458,145	\$ 42,774
Accounts payable:		
Trade	672,210	699,056
State sales tax	109,758	96,499
Other	7,358	7,987
Payroll taxes withheld	5,462	4,790
Accrued Liabilities:		
State excise taxes	370,822	318,303
Rehabilitation tax	5,789	5,856
Mixed beverage tax	35,705	32,511
Salaries	74,261	65,013
Miscellaneous payables	68,709	54,599
Profit distributions	506,127	613,610
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,314,346</b>	<b>1,940,998</b>
<b>LONG-TERM DEBT LIABILITIES</b>		
Accrued vacation pay	112,432	116,885
Note payable, net of current portion	-	457,746
	<u>112,432</u>	<u>574,631</u>
	2,426,778	2,515,629
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	4,056,387	4,105,935
Restricted working capital	686,311	695,525
Unrestricted	1,326,849	1,210,364
	<u>6,069,547</u>	<u>6,011,824</u>
	<u>\$ 8,496,325</u>	<u>\$ 8,527,453</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 ASSETS  
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Liquor sales	\$ 18,532,349	\$ 18,394,435
Mixed beverage sales	4,713,026	4,433,027
Wine sales	<u>73,684</u>	<u>78,336</u>
<b>GROSS SALES</b>	<b>23,319,059</b>	<b>22,905,798</b>
<b>DEDUCT TAXES BASED ON GROSS SALES</b>		
State excise tax	4,875,270	4,236,903
Mixed beverage tax (Revenue)	408,282	390,579
Mixed beverage tax (Human Services)	40,828	39,058
Rehabilitation tax	76,921	77,261
Sales tax	<u>5,181</u>	<u>4,953</u>
<b>TOTAL TAXES</b>	<b><u>5,406,482</u></b>	<b><u>4,748,754</u></b>
<b>NET SALES</b>	<b>17,912,577</b>	<b>18,157,044</b>
<b>DEDUCT COST OF SALES</b>		
Cost of liquor sold	12,102,004	12,187,240
Cost of wine sold	<u>37,830</u>	<u>41,936</u>
<b>TOTAL COST OF SALES</b>	<b><u>12,139,834</u></b>	<b><u>12,229,176</u></b>
<b>GROSS PROFIT OF SALES</b>	<b>5,772,743</b>	<b>5,927,868</b>
<b>DEDUCT OPERATING EXPENSES</b>		
Store expenses	3,092,792	2,966,740
Warehouse and delivery expenses	315,205	310,128
Administrative expenses	729,893	750,994
Depreciation expenses	<u>209,725</u>	<u>165,294</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>4,347,615</u></b>	<b><u>4,193,156</u></b>
<b>OTHER OPERATING INCOME</b>	<b>18,681</b>	<b>19,394</b>
<b>INCOME FROM OPERATIONS</b>	<b>1,443,809</b>	<b>1,754,106</b>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A component unit of Durham County Government)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OTHER INCOME (EXPENSE)		
Interest income	\$ 4,557	\$ 12,758
Interest expense	<u>(21,349)</u>	<u>(30,493)</u>
 TOTAL OTHER INCOME (EXPENSE)	 <u>(16,792)</u>	 <u>(17,735)</u>
 CHANGE IN NET ASSETS BEFORE DISTRIBUTIONS	 1,427,017	 1,736,371
DISTRIBUTIONS		
Law enforcement	305,626	293,212
Alcohol education/rehabilitation	<u>53,668</u>	<u>91,782</u>
	<u>359,294</u>	<u>384,994</u>
 CHANGE IN NET ASSETS BEFORE PROFIT DISTRIBUTIONS	 1,067,723	 1,351,377
PROFIT DISTRIBUTIONS		
City of Durham	101,000	112,222
County of Durham	<u>909,000</u>	<u>1,010,000</u>
 TOTAL PROFIT DISTRIBUTIONS	 <u>1,010,000</u>	 <u>1,122,222</u>
 CHANGE IN NET ASSETS	 57,723	 229,155
NET ASSETS - beginning of year	<u>6,011,824</u>	<u>5,782,669</u>
 NET ASSETS - end of year	 <u>\$ 6,069,547</u>	 <u>\$ 6,011,824</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 23,318,252	\$ 22,920,176
Other cash received	18,681	19,394
Cash payments for inventory costs	(12,074,848)	(12,455,435)
Cash payments for operating expenses	(4,203,673)	(4,025,882)
Taxes paid	<u>(5,337,577)</u>	<u>(4,733,963)</u>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 1,720,835	 1,724,290
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(148,996)	(456,233)
Book value of disposed asset	8,442	-
Interest paid on loans	(21,349)	(30,493)
Principal paid on loan maturities	<u>(42,375)</u>	<u>(33,231)</u>
 <b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	 (204,278)	 (519,957)
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Profit distributions-primary government	(1,010,000)	(1,122,222)
Law enforcement distributions	(305,626)	(293,212)
Alcohol education distributions	<u>(53,668)</u>	<u>(91,782)</u>
 <b>NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES</b>	 (1,369,294)	 (1,507,216)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned on investments	<u>4,557</u>	<u>12,758</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 151,820	 (290,125)
 CASH AND CASH EQUIVALENTS - beginning of year	 <u>1,912,495</u>	 <u>2,202,620</u>
 CASH AND CASH EQUIVALENTS - end of year	 <u><u>\$ 2,064,315</u></u>	 <u><u>\$ 1,912,495</u></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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Income from operations	\$ 1,443,809	\$ 1,754,106
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation and amortization	232,477	187,520
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(807)	14,378
(Increase) decrease in inventory	67,487	(454,479)
(Increase) decrease in prepaid assets	24,345	4,870
Increase (decrease) in accounts payable	(13,544)	228,935
Increase (decrease) in accrued liabilities	(32,932)	(11,040)
TOTAL ADJUSTMENTS	<u>277,026</u>	<u>(29,816)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,720,835</u>	<u>\$ 1,724,290</u>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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, North Carolina, is a corporate body with powers outlined by General Statutes Chapter 18B-701. The County's governing body appoints the Board.

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

B. 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 nine retail liquor stores and through its law enforcement division, 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 same profits for alcohol education and rehabilitation purposes.

C. 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 assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. All sales are made by cash, debit or credit card and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred. As permitted, the Board has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its proprietary operation, unless those pronouncements conflict with or contradict GASB pronouncements.

E. 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 assets date, and reported amount of revenue and expenses during the reporting period. Estimates are used to determine depreciation expense, certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

F. Assets, Liabilities and Net Assets

Deposits

All deposits of the Board are made in board designated official depositories and are collateralized as required by G.S. 159-31. The Board may designate, as an official depository, any bank or savings 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.

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, 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's 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

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Assets (Continued)

Deposits (Continued)

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, 2010, the Board's deposits had a carrying amount of \$2,055,335 and a bank balance of \$1,997,273. At June 30, 2009, the Board's deposits had a carrying amount of \$1,902,915 and a bank balance of \$2,257,703. Of the Board's bank balance at June 30, 2010, \$560,438 was covered by the FDIC and \$1,436,835 was covered by collateral held under the Pooling Method.

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, an SEC registered (2a-7) money market mutual fund.

At June 30, 2010 and 2009, the Board had no funds invested.

Cash and Cash Equivalents

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

Inventories

Inventories are valued at the lower of cost (FIFO) or market.



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Assets (Continued)

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	25-40 years
Furniture and equipment	5-12 years
Vehicles	3-5 years
Leasehold improvements	5-20 years

All assets purchased with a cost in excess of \$500 are capitalized.

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in the earnings for the period.

Net Assets

Net Assets consists of the following:

- a. Invested in capital assets, net of related debt - This component of net assets 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 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- b. Restricted for law enforcement - This applies only when the Board employs its own ABC officer.
- c. Restricted for capital improvements - State law G.S. 18B-805(d) requires approval of the appointing authority to establish this account.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A component unit of Durham County Government)  
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June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Assets (Continued)

Net Assets (Continued)

- d. 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. The Board shall set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year nor greater than four months' average gross sales of the last fiscal year. 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).
- e. Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of *restricted* or *invested in capital assets, net of related debt*.

NOTE 2 – PENSION PLAN OBLIGATIONS

A. Local Government Employees' Retirement System

Plan Description - The Board contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System 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, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The Board is required to contribute at an actuarially determined rate. The Board's current rate for employees not engaged in law enforcement and for law enforcement officers is 4.95% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contributions to LGERS for the years ended June 30, 2010 and 2009 were \$112,418 and \$109,680, respectively. The contributions made by the Board equaled the required contributions for each year.

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NOTE 2 – PENSION PLAN OBLIGATIONS (Continued)

B. Law Enforcement Officers' Special Separation Allowance

1. Plan Description:

The Board administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides benefits to the Board's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Board are covered by the Separation Allowance. At June 30, 2010 and 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>3</u>
Total	<u>4</u>

2. Summary of Significant Accounting Policies:

**Basis of Accounting** - The Board has chosen to fund the Separation Allowance on a pay as you go basis. The financial statements of the Board are prepared using the accrual basis of accounting. Benefits are recognized as expenses when due and payable in accordance with the terms of the plan. Administration expenses are recognized as incurred.

**Method Used to Value Investments** - No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due. One employee has been eligible for this benefit since July, 2006. The Board anticipates a total pay out of \$105,134 from the time of retirement until the retiree reaches age 62.

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NOTE 2 – PENSION PLAN OBLIGATIONS (Continued)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

3. Contributions:

The Board is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to pay benefits and administration costs on a pay as you go basis. For the current year, the Board paid benefits of \$17,282 or 12% of annual covered payroll. There were no contributions made to the plan by employees. The Board's obligation to make these payments was established and may be amended by the North Carolina General Assembly.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description:

The Board contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy:

Article 12E of G.S. Chapter 143 requires the Board to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2010 were \$ 14,961, which consisted of \$7,022 from the Board and \$7,939 from the law enforcement officers. Contributions for the year ended June 30, 2009 were \$12,080, which consisted of \$6,924 from the Board and \$5,157 from the law enforcement officers.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTE 2 – PENSION PLAN OBLIGATIONS (Continued)

D. Other Post-Employment Benefits (OPEB)

1. 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 will end 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 will be fully eliminated for retirements beyond the fiscal year ending June 30, 2019.

2. Funding Policy:

Retiree health insurance benefits have been funded on a pay as you go basis so no funds are set aside to pay these benefits.

3. Summary of Significant Accounting Policies:

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. The expenditures are paid as they come due.

4. Annual OPEB Cost and Net OPEB Obligation:

Unfunded accrued actuarial liability (UAAL) has been computed at \$1,469,857. The Board has elected to use a 30 year amortization period. When the UAAL of \$1,469,857 is divided by 30 years the amortized payment is calculated at \$48,995. This payment is then adjusted for the present value of interest of \$2,531 which is added to this payment to bring the total amortized payment to \$51,526. The actual amount the Board spent during the year ended June 30, 2010 was \$54,403. The Board has elected not to record the resulting difference of \$2,877 as an asset on the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 2 – PENSION PLAN OBLIGATIONS (Continued)

D. Other Post-Employment Benefits (OPEB) (Continued)

5. Actuarial Methods and Assumptions:

The Board’s Annual Required Contribution and OPEB Obligation were calculated as required by the Government Accounting Standards Board (GASB) Statement 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. The Board’s plan has less than 100 plan members so the calculations used the Alternative Method allowed by GASB and did not involve an actuarial valuation.

NOTE 3 – COMMITMENTS

The Board has elected to pay direct costs of employment securities benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following the discharge of employees.

During the years ended June 30, 2010 and 2009 the Board entered into a service contract with the County of Durham to provide ground and pest control services at a price not to exceed \$30,093 and building maintenance on an as needed basis for \$19.86 per hour. This contract is usually renewed every year but it has not been updated as of the date of this report.

NOTE 4 – LEASES

The Board has leased three store properties under lease agreements which expire February, 2011, July, 2011 and November, 2011 and require various minimum annual rentals. Rent expense for the years ended June 30, 2010 and 2009 amounts to \$125,786 and \$108,699, respectively.

Minimum annual rentals on lease terms extending beyond one year, at June 30, 2010 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Annual lease</u>
2011	\$ 92,974
2012	22,054
2013	-
	<u>\$ 115,028</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
 (A component unit of Durham County Government)  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2010 and 2009

NOTE 5 – 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 and related expenses at June 30, 2010 and 2009 amounted to \$112,432 and \$116,885, 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.

NOTE 6 – DISTRIBUTION OF INCOME

The Board has made distributions since inception as follows:

	<u>Current Year</u>	<u>Total to Date</u>
90% County of Durham	\$ 909,000	\$ 31,955,363
10% City of Durham	\$ 101,000	\$ 8,688,870

North Carolina General Statute 18B-805(e) requires that the entire net income, after deducting amounts required for law enforcement and alcohol education and retaining proper working capital, be paid quarterly to the County and City.

NOTE 7 – LAW ENFORCEMENT AND ALCOHOL EDUCATION EXPENSES

The Board is required by law to expend at least 5% of its total profits for law enforcement and not less than 7% for alcohol education (alcohol education requirement follows local enabling act). Profits are defined by law for these calculations as change in net assets before law enforcement and educational expenses, less the 3½% markup provided in G.S. 18B-804(b)(5) and the bottle charge provided for in G.S. 18B-804(b)(6b).

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTE 7 – LAW ENFORCEMENT AND ALCOHOL EDUCATION EXPENSES (Continued)

	<u>2010</u>	<u>2009</u>
Profit before distributions	\$ 1,427,017	\$ 1,736,371
Less 3½% tax and bottle charge	<u>657,893</u>	<u>670,427</u>
Profit subject to expense percentages	<u>\$ 769,124</u>	<u>\$ 1,065,944</u>
Law enforcement expenditures	\$ 305,626	\$ 293,212
- Actual percentage of profit	40%	28%
Provision for alcohol education and rehabilitation	\$ 53,668	\$ 91,782
- Actual percentage of profit	7%	9%

NOTE 8 – DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE

A state excise tax, at the rate of 25% through August, 2009 and 30% effective September 1, 2009, on the retail (net sales) price is charged monthly on liquor sales (excluding wine sales). Transactions for this account for the years ended June 30, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Taxes payable July 1	\$ 318,303	\$ 306,957
Taxes collected during the year	5,283,552	4,627,482
Less taxes remitted to Department of Revenue	<u>5,231,033</u>	<u>4,616,136</u>
Taxes payable June 30	<u>\$ 370,822</u>	<u>\$ 318,303</u>

The excise tax is computed in accordance with G.S. 18B-805(I).

The accrued North Carolina excise tax at June 30, 2010 and 2009 was remitted to the North Carolina Department of Revenue on July 14, 2010 and July 12, 2009, respectively.

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 to the county commissioners for alcohol education and rehabilitation. For the fiscal year, payments to the County were based on the following bottle sales:



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NOTE 8 – DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE (Continued)

	<u>2010</u>		
Regular bottles	1,247,211	@ \$.05 =	\$ 62,361
Mixed beverage bottles	212,448	@ \$.05 =	10,622
Miniature bottles	393,378	@ \$.01 =	<u>3,934</u>
Total payment for year			<u>\$ 76,917</u>
	<u>2009</u>		
Regular bottles	1,266,533	@ \$.05 =	\$ 63,327
Mixed beverage bottles	205,344	@ \$.05 =	10,267
Miniature bottles	366,714	@ \$.01 =	<u>3,667</u>
Total payment for year			<u>\$ 77,261</u>

A "mixed beverage tax" at the rate of \$20 per 4 liters is charged on the sale of liquor to be resold as mixed beverages. One-half (½) of the mixed beverage tax is submitted monthly to the Department of Revenue. Five percent of the mixed beverage tax is submitted monthly to the Department of Human Services.

The mixed beverage taxes for the year ended June 30 were as follows:

	<u>2010</u>	<u>2009</u>
Department of Revenue (50%)	\$ 408,282	\$ 390,579
Department of Human Services (5%)	40,828	39,058
Profit retained (45%)	<u>367,454</u>	<u>351,509</u>
	<u>\$ 816,564</u>	<u>\$ 781,146</u>

NOTE 9 – SURCHARGE COLLECTED

The total amount of surcharge collected for the fiscal years June 30, 2010 and 2009 was \$115,297 and \$114,116, respectively. (The rate is 85 cents per case sold effective November 1, 2006).

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTE 10 – DEPRECIATION - LAW ENFORCEMENT DIVISION

The balance sheets of the Board include equipment and motor vehicles of the Law Enforcement Division. However, the depreciation expense of this equipment and motor vehicles is charged directly to the Law Enforcement Division so as to properly reflect the Division's expenses.

NOTE 11 – BREAKAGE EXPENSE

Breakage expense absorbed by the Board for the years ended June 30, 2010 and 2009 was \$1,011 and \$1,265, respectively.

NOTE 12 – WORKING CAPITAL REQUIREMENTS

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).

	2010	2009
Minimum amount	\$ 686,311	\$ 695,525
Maximum amount	\$ 5,948,025	\$ 6,027,887
Actual amount	\$ 1,893,419	\$ 1,762,610

The Board has met the minimum amount of working capital.

NOTE 13 – 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 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 is bonded in the amount of \$5,000, secured by a corporate surety.

In accordance with G.S. 18B-803(b) and (c), all employees who have access to funds are bonded up to a maximum of \$25,000.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010 and 2009

NOTE 14 – RETAIL OUTLETS

The Board operated with nine retail outlets as of June 30, 2010 and ten outlets as of June 30, 2009.

	<u>June 30, 2010</u>		<u>June 30, 2009</u>	
	Gross Sales	Net Profit (Loss)	Gross Sales	Net Profit (Loss)
Store 1 - 1930 Holloway St.	\$ 1,701,687	\$ 158,294	\$ 1,725,145	\$ 191,024
Store 2 - 905 Fayetteville St.	1,002,423	86,358	1,513,519	148,895
Store 3 - 2806 Hillsborough Rd.	2,517,504	504,228	2,433,798	349,853
Store 4 - 2121 T.W. Alexander Dr.	1,445,839	51,397	1,720,157	143,767
Store 5 - 121 Sherron Road	892,619	(46,041)	491,035	(37,280)
Store 8 - 5234 Roxboro Road	1,780,179	129,731	1,725,929	152,898
Store 10 - 5202 Highway 55	2,727,299	541,229	2,574,889	316,898
Store 11 - 3620 Chapel Hill Blvd.	3,046,944	393,803	2,871,214	386,354
Store 12 - 3318 Guess Road	2,307,492	242,963	2,244,887	280,438
Store 14 - 6209 Falconbridge Rd.	1,184,046	(45,165)	1,215,075	660
	<u>\$18,606,032</u>	<u>\$ 2,016,797</u>	<u>\$18,515,648</u>	<u>\$1,933,507</u>

Store 2 at 905 Fayetteville St. closed in February, 2010. Store 5 at 121 Sherron Road opened in November, 2008. Stores 3,4,10 and 11 serve as mixed beverage outlets as well as retail stores. The mixed beverage gross sales and the related estimated cost of liquor has been excluded from this schedule.

NOTE 15 – LIQUOR SALES TAX

The total amount of sales tax collected by the Board and remitted to the Department of Revenue for the years ended June 30, 2010 and 2009 was \$1,443,703 and \$1,283,059, respectively. This tax rate was 7% through August, 2009 and increased to 8% effective September 1, 2009.

NOTE 16 – LEGAL SETTLEMENT

For the year ended June 30, 2009 the Board entered a final settlement of a legal issue and made a one time payout of \$65,000 in lieu of continuing to defend the legal issue. The Board did not acknowledge any liability in the settlement. This cost has been included in the administrative expenses section of the financial statements at June 30, 2009.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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NOTE 17 – LONG-TERM DEBT

A summary of long-term debt follows:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Note payable to Mechanics and Farmers Bank payable in 83 monthly payments of interest and principal totaling \$5,310 and 1 balloon payment of \$434,794 due on February 1, 2011. Interest is fixed at 4.375%. The note is secured by a deed of trust on property.	\$ 458,145	\$ 500,520
Less current portion of debt	<u>458,145</u>	<u>42,774</u>
Total long-term debt	<u>\$ -</u>	<u>\$ 457,746</u>

Estimated maturities on long-term debt as of June 30, 2010 are as follows:

June 30, 2011	-
June 30, 2012	-
Thereafter	<u>-</u>
	<u>\$ -</u>

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 13, 2010, the date of the issuance of the Board's financial statements.

The Board has entered into a contract to purchase real estate for a cost of \$300,000. This building and land will be used as a new retail location. The closing of this real estate purchase has not taken place as of the date of this report.

**SUPPLEMENTARY INFORMATION**

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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SCHEDULE OF STORE, ADMINISTRATIVE AND WAREHOUSE EXPENSES  
Year Ended June 30, 2010

	Store 1	Store 2	Store 3	Store 4	Store 5	Store 8	Store 9	Store 10	Store 11	Store 12	Store 14	Subtotal	Warehouse	Administrative	Total
Salaries and wages	\$ 163,110	\$ 103,224	\$ 189,801	\$ 151,663	\$ 141,042	\$ 174,041	\$ 154,585	\$ 210,222	\$ 185,367	\$ 190,552	\$ 195,701	\$1,859,308	\$ 198,614	\$ 391,482	\$2,449,404
FICA taxes	11,960	7,832	13,285	11,296	10,130	12,812	11,556	15,843	13,507	13,933	14,774	136,928	15,012	28,473	180,413
Retirement fund	7,182	3,742	7,148	6,818	6,429	7,613	5,902	7,940	7,561	7,342	9,126	76,803	9,999	18,786	105,588
Life insurance	410	201	417	391	361	442	308	430	456	440	543	4,399	540	1,125	6,064
Hospital insurance	16,799	7,474	16,799	15,035	16,799	16,799	8,744	16,064	15,901	14,524	16,799	161,737	19,654	73,842	255,233
Disability insurance	1,364	671	1,376	1,296	1,201	1,469	1,030	1,430	1,521	1,462	1,811	14,631	1,797	3,748	20,176
Dental insurance	1,084	494	1,084	916	1,084	1,059	517	1,037	1,062	926	1,084	10,347	1,225	1,644	13,216
Rent	-	-	-	55,594	34,381	-	-	-	-	-	35,811	125,786	-	-	125,786
Maintenance - equipment	37	259	37	64	126	44	-	51	72	455	44	1,189	3,015	1,080	5,284
Utilities	7,103	7,412	8,827	2,330	3,971	12,721	2,652	8,035	8,314	9,283	7,560	78,208	14,185	5,895	98,288
Telephone	1,523	1,531	1,659	2,005	2,043	1,413	1,801	1,716	1,498	2,013	1,753	18,955	3,533	11,517	34,005
Credit card expenses	14,628	7,474	39,821	28,024	14,881	26,074	-	51,325	54,194	35,858	23,235	295,514	-	-	295,514
Insurance - general	4,245	2,695	5,592	3,796	3,749	7,867	5,301	10,211	7,540	6,677	5,195	62,868	8,659	10,186	81,713
Supplies	6,885	4,573	11,419	8,245	5,222	8,178	2,337	12,395	12,686	9,800	5,555	87,295	945	11,034	99,274
Travel expense	1,967	424	1,855	2,710	1,329	1,344	330	1,300	383	1,909	2,129	15,680	165	10,074	25,919
Temporary help	-	-	-	-	-	-	-	-	-	-	-	-	20,850	-	20,850
Maintenance agreements	4,021	2,507	5,179	4,933	3,863	4,422	3,976	5,809	4,980	4,969	4,223	48,882	3,344	28,415	80,641
Building maintenance	4,493	1,997	3,070	5,787	2,708	13,869	460	4,148	3,500	7,018	2,066	49,116	3,596	1,858	54,570
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	2,683	2,683
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	85,255	85,255
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	2,050	2,050
Per diem - Board members	-	-	-	-	-	-	-	-	-	-	-	-	-	12,600	12,600
Yard maintenance	2,927	2,927	4,253	-	-	2,927	-	2,927	3,336	2,927	-	22,224	2,927	-	25,151
Security - alarm contracts	450	310	1,618	695	975	345	-	532	480	706	322	6,433	480	-	6,913
Vehicle expense	-	-	-	-	-	-	-	-	-	-	-	-	1,802	1,387	3,189
Gas and oil	-	-	-	-	-	-	-	-	-	-	-	-	4,004	1,699	5,703
Waste disposal	744	495	48	48	48	48	783	1,650	1,360	805	48	6,077	-	-	6,077
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	2,414	2,414
Bottled water	274	155	308	288	301	322	-	274	724	308	274	3,228	556	-	3,784
Staff training and development	-	-	-	-	-	-	-	-	-	-	-	-	-	18,957	18,957
Minor equipment	220	1,028	1,330	646	700	371	508	702	742	630	307	7,184	303	3,689	11,176
	251,426	157,425	314,926	302,580	251,343	294,180	200,790	354,041	325,184	312,537	328,360	3,092,792	315,205	729,893	4,137,890
Depreciation	8,489	6,931	13,901	14,860	17,006	19,253	4,893	26,291	36,613	15,062	12,316	175,615	15,126	18,984	209,725
	<u>\$ 259,915</u>	<u>\$ 164,356</u>	<u>\$ 328,827</u>	<u>\$ 317,440</u>	<u>\$ 268,349</u>	<u>\$ 313,433</u>	<u>\$ 205,683</u>	<u>\$ 380,332</u>	<u>\$ 361,797</u>	<u>\$ 327,599</u>	<u>\$ 340,676</u>	<u>\$3,268,407</u>	<u>\$ 330,331</u>	<u>\$ 748,877</u>	<u>\$4,347,615</u>

See accompanying notes.