

Basic Financial Statements

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

Years Ended June 30, 2011 and 2010

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, 2011 and 2010 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, 2011 and 2010 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 15, 2011

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010

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, 2011. 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 have remodeled the building at this former retail location and have relocated the law enforcement operations to this building.
- The Board has remodeled its administrative offices.
- Working capital decreased approximately 17% over the prior year.
- Approximately 23% 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010

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 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 \$6,139,225 in 2011. The largest component of net assets is the investment in capital assets which represents 72% of the total net assets. Following is a summary of the Statement of Net Assets:

CONDENSED STATEMENTS OF NET ASSETS

	2011	2010	\$ Change	% Change
Current Assets	\$ 3,715,813	\$ 3,981,793	\$ (265,980)	(6.7%)
Non-Current Assets	5,096,653	4,514,532	582,121	12.9%
Total Assets	8,812,466	8,496,325	316,141	3.7%
Current Liabilities	1,929,553	2,314,346	(384,793)	(16.6%)
Non-Current Liabilities	743,688	112,432	631,256	561.5%
Total Liabilities	2,673,241	2,426,778	246,463	10.2%
Invested in Capital Assets, net of related debt	4,445,045	4,056,387	388,658	9.6%
Unrestricted Net Assets	992,614	1,326,849	(334,235)	(25.2%)
Restricted Net Assets	701,566	686,311	15,255	2.2%
Total Net Assets	6,139,225	6,069,547	69,678	1.1%

The changes in current liabilities and non-current liabilities are due primarily to the restructuring of the loan from Mechanics and Farmers Bank. The prior note had a balloon payment due in February 2011 and a new note was obtained in March 2011 which has a seven year payment plan with a balloon payment due at the end of the term. The decrease in unrestricted net assets is due to the investment of funds in the purchase of new real estate which will be used as a retail store and the costs of remodeling two facilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Net assets increased by 1% from the prior year. Operating income increased 4.9% from the prior year. Following is a summary of the changes in net assets:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2011	2010	\$ Change	% Change
Sales	\$23,967,592	\$23,319,059	\$ 648,533	2.8%
Less Taxes	5,663,100	5,406,482	256,618	4.7%
Net Sales	18,304,492	17,912,577	391,915	2.2%
Cost of Sales	12,363,890	12,139,834	224,056	1.8%
Gross Profit	5,940,602	5,772,743	167,859	2.9%
Operating Expenses	4,427,981	4,347,615	80,366	1.8%
Other Operating				
Income	2,374	18,681	(16,307)	(87.3%)
Income from Operations	1,514,995	1,443,809	71,186	4.9%
Nonoperating Income				
(Expense)	(25,669)	(16,792)	8,877	52.9%
Change in Net Assets				
Before Required				
Distributions	1,489,326	1,427,017	62,309	4.4%
Distributions	1,419,648	1,369,294	50,354	3.7%
Change in Net Assets	69,678	57,723	11,955	20.7%
Net Assets, Beginning	6,069,547	6,011,824	57,723	1.0%
Net Assets, Ending	6,139,225	6,069,547	69,678	1.1%

Following is a breakdown of sales by source:

	2011	2010	\$ Change	% Change
Retail Liquor Sales	\$19,153,520	\$18,532,349	\$ 621,171	3.4%
Retail Wine Sales	68,717	73,684	(4,967)	(6.7%)
Mixed Beverage Sales	4,745,355	4,713,026	32,329	0.7%
Total Sales	\$23,967,592	\$23,319,059	\$ 648,533	2.8%

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011 and 2010

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital Assets increased by 10.8% from the prior year. Following is a summary of the changes in capital assets:

CONDENSED SUMMARY OF CHANGES IN CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 1,650,345	\$ 1,539,453	\$ 110,892	7.2%
Buildings and Improvements	2,776,320	2,673,508	102,812	3.8%
Equipment	1,207,035	1,154,349	52,686	4.6%
Motor Vehicles	87,119	87,119	-	-
Law Enforcement Leasehold Improvements	599,661	217,190	382,471	176.1%
	<u>908,555</u>	<u>850,584</u>	<u>57,971</u>	<u>6.8%</u>
Total	<u>\$ 7,229,035</u>	<u>\$ 6,522,203</u>	<u>\$ 706,832</u>	<u>10.8%</u>

Debt Administration

The change in long-term debt is due to a restructuring of the loan from Mechanics and Farmers Bank. The prior note had a balloon payment due in February 2011 and a new note was obtained in March 2011 which paid off the old loan and also provided additional funds to help finance the costs of remodeling the law enforcement headquarters and the remodeling of the administrative offices. The new loan has a seven year payment plan with a balloon payment due at the end of the term.

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,560,866	\$ 2,064,315
Inventories	2,031,508	1,797,737
Prepaid assets and accounts receivable	<u>123,439</u>	<u>119,741</u>
TOTAL CURRENT ASSETS	3,715,813	3,981,793
PROPERTY AND EQUIPMENT		
Land	1,650,345	1,539,453
Buildings and improvements	2,776,320	2,673,509
Equipment	1,207,035	1,154,348
Motor vehicles	87,119	87,119
Law enforcement	599,661	217,190
Leasehold improvements	<u>908,555</u>	<u>850,584</u>
	7,229,035	6,522,203
Less accumulated depreciation	<u>2,132,382</u>	<u>2,007,671</u>
	<u>5,096,653</u>	<u>4,514,532</u>
	<u><u>\$ 8,812,466</u></u>	<u><u>\$ 8,496,325</u></u>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 34,424	\$ 458,145
Accounts payable:		
Trade	688,758	672,210
State sales tax	119,163	109,758
Other	7,376	7,358
Payroll taxes withheld	6,288	5,462
Accrued Liabilities:		
State excise taxes	402,986	370,822
Rehabilitation tax	6,125	5,789
Mixed beverage tax	37,738	35,705
Salaries	85,027	74,261
Miscellaneous payables	40,047	68,709
Profit distributions	<u>501,621</u>	<u>506,127</u>
TOTAL CURRENT LIABILITIES	1,929,553	2,314,346
LONG-TERM DEBT LIABILITIES		
Accrued vacation pay	126,504	112,432
Note payable, net of current portion	<u>617,184</u>	<u>-</u>
	<u>743,688</u>	<u>112,432</u>
	2,673,241	2,426,778
NET ASSETS		
Invested in capital assets, net of related debt	4,445,045	4,056,387
Restricted working capital	701,566	686,311
Unrestricted	<u>992,614</u>	<u>1,326,849</u>
	<u>6,139,225</u>	<u>6,069,547</u>
	<u>\$ 8,812,466</u>	<u>\$ 8,496,325</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Liquor sales	\$ 19,153,520	\$ 18,532,349
Mixed beverage sales	4,745,355	4,713,026
Wine sales	<u>68,717</u>	<u>73,684</u>
GROSS SALES	23,967,592	23,319,059
DEDUCT TAXES BASED ON GROSS SALES		
State excise tax	5,120,934	4,875,270
Mixed beverage tax (Revenue)	417,336	408,282
Mixed beverage tax (Human Services)	41,734	40,828
Rehabilitation tax	78,153	76,921
Sales tax	<u>4,943</u>	<u>5,181</u>
TOTAL TAXES	<u>5,663,100</u>	<u>5,406,482</u>
NET SALES	18,304,492	17,912,577
DEDUCT COST OF SALES		
Cost of liquor sold	12,326,866	12,102,004
Cost of wine sold	<u>37,024</u>	<u>37,830</u>
TOTAL COST OF SALES	<u>12,363,890</u>	<u>12,139,834</u>
GROSS PROFIT OF SALES	5,940,602	5,772,743
DEDUCT OPERATING EXPENSES		
Store expenses	3,004,181	3,092,792
Warehouse and delivery expenses	317,555	315,205
Administrative expenses	876,111	729,893
Depreciation expenses	<u>230,134</u>	<u>209,725</u>
TOTAL OPERATING EXPENSES	<u>4,427,981</u>	<u>4,347,615</u>
OTHER OPERATING INCOME	2,374	18,681
INCOME FROM OPERATIONS	1,514,995	1,443,809

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OTHER INCOME (EXPENSE)		
Loss on disposal of assets	\$ (3,188)	\$ -
Interest income	2,699	4,557
Interest expense	<u>(25,180)</u>	<u>(21,349)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(25,669)</u>	<u>(16,792)</u>
CHANGE IN NET ASSETS BEFORE DISTRIBUTIONS	1,489,326	1,427,017
DISTRIBUTIONS		
Law enforcement	344,547	305,626
Alcohol education/rehabilitation	<u>65,101</u>	<u>53,668</u>
	<u>409,648</u>	<u>359,294</u>
CHANGE IN NET ASSETS BEFORE PROFIT DISTRIBUTIONS	1,079,678	1,067,723
PROFIT DISTRIBUTIONS		
City of Durham	101,000	101,000
County of Durham	<u>909,000</u>	<u>909,000</u>
TOTAL PROFIT DISTRIBUTIONS	<u>1,010,000</u>	<u>1,010,000</u>
CHANGE IN NET ASSETS	69,678	57,723
NET ASSETS - beginning of year	<u>6,069,547</u>	<u>6,011,824</u>
NET ASSETS - end of year	<u>\$ 6,139,225</u>	<u>\$ 6,069,547</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 23,967,645	\$ 23,318,252
Other cash received	2,374	18,681
Cash payments for inventory costs	(12,584,864)	(12,074,848)
Cash payments for operating expenses	(4,178,720)	(4,203,673)
Taxes paid	<u>(5,619,162)</u>	<u>(5,337,577)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,587,273	1,720,835
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(848,871)	(148,996)
Book value of disposed asset	6,815	8,442
Interest paid on loans	(25,180)	(21,349)
New loans	662,000	-
Principal paid on loan maturities	<u>(468,537)</u>	<u>(42,375)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(673,773)	(204,278)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Profit distributions-primary government	(1,010,000)	(1,010,000)
Law enforcement distributions	(344,547)	(305,626)
Alcohol education distributions	<u>(65,101)</u>	<u>(53,668)</u>
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	(1,419,648)	(1,369,294)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	<u>2,699</u>	<u>4,557</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(503,449)	151,820
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,064,315</u>	<u>1,912,495</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 1,560,866</u></u>	<u><u>\$ 2,064,315</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Income from operations	\$ 1,514,995	\$ 1,443,809
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation and amortization	256,747	232,477
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	53	(807)
(Increase) decrease in inventory	(233,771)	67,487
(Increase) decrease in prepaid assets	(3,751)	24,345
Increase (decrease) in accounts payable	26,797	(13,544)
Increase (decrease) in accrued liabilities	<u>26,203</u>	<u>(32,932)</u>
TOTAL ADJUSTMENTS	<u>72,278</u>	<u>277,026</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,587,273</u>	<u>\$ 1,720,835</u>

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010

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, 2011, the Board's deposits had a carrying amount of \$1,550,506 and a bank balance of \$1,750,844. At June 30, 2010, the Board's deposits had a carrying amount of \$2,055,335 and a bank balance of \$1,997,273. Of the Board's bank balance at June 30, 2011, \$675,457 was covered by the FDIC and \$1,075,387 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, 2011 and 2010, 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
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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	20-40 years
Furniture and equipment	5-12 years
Vehicles and computer equipment	3-5 years
Leasehold improvements	10-20 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:

1. 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.
2. Restricted for law enforcement - This applies only when the Board employs its own ABC officer.
3. 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
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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Assets (Continued)

Net Assets (Continued)

4. 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).
5. 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 6.5% and 6.41%, respectively, of annual covered payroll for the year ending June 30, 2011 and was 4.95% and 4.86%, respectively, of annual covered payroll for the year ending June 30, 2010. 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, 2011 and 2010 were \$142,723 and \$112,418, respectively. The contributions made by the Board equaled the required contributions for each year.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
 (A component unit of Durham County Government)
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011 and 2010

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, 2011 and 2010, 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.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 both June 30, 2011 and 2010, the Board paid benefits of \$17,282 or 11% 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, 2011 were \$ 10,589, which consisted of \$7,599 from the Board and \$2,990 from the law enforcement officers. 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.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 \$1,503,622 at June 30, 2011. The Board has elected to use a 30 year amortization period. When the UAAL of \$1,503,622 is divided by 30 years the amortized payment is calculated at \$50,121. This payment is then adjusted for the present value of interest of \$2,599 which is added to this payment to bring the total amortized payment to \$52,720. The actual amount the Board spent during the year ended June 30, 2011 was \$59,961. The Board has elected not to record the resulting difference of \$7,241 as an asset on the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 security 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, 2011 and 2010 the Board entered into a service contract with the County of Durham to provide routine ground and pest control services at a monthly rate of \$2,648 plus a standard mileage rate. Any special services provided will be billed at predetermined hourly rate.

NOTE 4 – DEPRECIATION - LAW ENFORCEMENT DIVISION

The balance sheets 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.

NOTE 5 – LEASES

The Board has leased three store properties under lease agreements which expire November, 2011, January, 2012, and December, 2016 and require various minimum annual rentals. Rent expense for the years ended June 30, 2011 and 2010 amounts to \$128,232 and \$125,786, respectively.

The Board entered into a vehicle lease on August 24, 2010. The terms of the lease call for 48 monthly payments of \$468. The lease will end on July 31, 2014. Rent expense for the year ended June 30, 2011 was \$5,149.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 5 – LEASES (Continued)

Minimum annual rentals on lease terms extending beyond one year, at June 30, 2011 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Annual lease</u>
2012	\$ 100,315
2013	65,496
2014	67,056
2015	63,516
2016	<u>31,932</u>
	<u>\$ 328,315</u>

NOTE 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 and related expenses at June 30, 2011 and 2010 amounted to \$126,504 and \$112,432, 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 7 – 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	\$ 32,864,363
10% City of Durham	\$ 101,000	\$ 8,789,870

North Carolina General Statute 18B-805(e) 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.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 8 – 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).

	<u>2011</u>	<u>2010</u>
Profit before distributions	\$ 1,489,326	\$ 1,427,017
Less 3½% tax and bottle charge	<u>675,594</u>	<u>657,893</u>
Profit subject to expense percentages	<u>\$ 813,732</u>	<u>\$ 769,124</u>
Law enforcement expenditures	\$ 344,547	\$ 305,626
- Actual percentage of profit	43%	40%
Provision for alcohol education and rehabilitation	\$ 65,101	\$ 53,668
- Actual percentage of profit	8%	7%

NOTE 9 – DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE

A state excise tax, at the rate of 30% 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, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
Taxes payable July 1	\$ 370,822	\$ 318,303
Taxes collected during the year	5,538,270	5,283,552
Less taxes remitted to Department of Revenue	<u>5,506,106</u>	<u>5,231,033</u>
Taxes payable June 30	<u>\$ 402,986</u>	<u>\$ 370,822</u>

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

The accrued North Carolina excise tax at June 30, 2011 and 2010 was remitted to the North Carolina Department of Revenue on July 14, 2011 and July 14, 2010, 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

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 9 – DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE (Continued)

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

	<u>2011</u>		
Regular bottles	1,260,236	@ \$.05 =	\$ 63,012
Mixed beverage bottles	215,579	@ \$.05 =	10,779
Miniature bottles	436,188	@ \$.01 =	<u>4,362</u>
Total payment for year			<u>\$ 78,153</u>
	<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>

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 (1/2) 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>2011</u>	<u>2010</u>
Department of Revenue (50%)	\$ 417,336	\$ 408,282
Department of Human Services (5%)	41,734	40,828
Profit retained (45%)	<u>375,602</u>	<u>367,454</u>
	<u>\$ 834,672</u>	<u>\$ 816,564</u>

NOTE 10 – SURCHARGE COLLECTED

The total amount of surcharge collected for the fiscal years June 30, 2011 and 2010 was \$119,742 and \$115,297, respectively. (The rate is 85 cents per case sold effective November 1, 2006).

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 11 – BREAKAGE EXPENSE

Breakage expense absorbed by the Board for the years ended June 30, 2011 and 2010 was \$833 and \$1,011, 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).

	<u>2011</u>	<u>2010</u>
Minimum amount	\$ 701,566	\$ 686,311
Maximum amount	\$ 6,080,239	\$ 5,948,025
Actual amount	\$ 1,570,741	\$ 1,893,419

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 and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

NOTE 14 – 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, 2011 and 2010 was \$1,531,434 and \$1,443,703, respectively. The current sales tax rate is 8%.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 15 – RETAIL OUTLETS

The Board operated with nine retail outlets as of June 30, 2011 and 2010.

	<u>June 30, 2011</u>		<u>June 30, 2010</u>	
	Gross Sales	Change in Net Assets	Gross Sales	Change in Net Assets
Store 1 - 1930 Holloway St.	\$ 2,041,908	\$ 226,609	\$ 1,701,687	\$ 158,294
Store 2 - 905 Fayetteville St.	-	(13,623)	1,002,423	86,358
Store 3 - 2806 Hillsborough Rd.	2,751,018	615,936	2,517,504	504,228
Store 4 - 2121 T.W. Alexander Dr.	1,430,897	53,709	1,445,839	51,397
Store 5 - 121 Sherron Road	957,823	(48,868)	892,619	(46,041)
Store 8 - 5234 Roxboro Road	1,857,095	162,026	1,780,179	129,731
Store 10 - 5202 Highway 55	3,104,086	702,336	2,727,299	541,229
Store 11 - 3620 Chapel Hill Blvd.	3,446,565	488,565	3,046,944	393,803
Store 12 - 3318 Guess Road	2,453,366	276,868	2,307,492	242,963
Store 14 - 6209 Falconbridge Rd.	1,179,479	(55,285)	1,184,046	(45,165)
	<u>\$19,222,237</u>	<u>\$ 2,408,273</u>	<u>\$18,606,032</u>	<u>\$2,016,797</u>

Store 2 at 905 Fayetteville St. closed in February, 2010. 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 have been excluded from this schedule.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 15, 2011, the date of the issuance of the Board's financial statements.

On August 19, 2011, the Board purchased real estate for a cost of \$655,000. This building and land will replace an existing retail location.

Also on August 19, 2011 the Board obtained a promissory note from Mechanics and Farmers Bank to borrow up to \$1,000,000 to pay for the real estate purchased and to finance renovations at this new location and other existing locations. They borrowed \$524,000 against this note on August 19, 2011. The note has a term of 7 years and has a fixed 3.68% interest rate. Payments on the note begin September 1, 2011 and are interest only payments for the first 12 months. After that period the Board will make 71 monthly payments of \$7,264 with a final balloon payment due August 1, 2018.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 17 – LONG-TERM DEBT

A summary of long-term debt follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</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
Note payable to Mechanics and Farmers Bank payable in 83 monthly payments of interest and principal totaling \$4,760 and 1 balloon payment of \$401,759 due on April 1, 2018. Interest is fixed at 3.57%. The note is secured by a deed of trust on property and the proceeds are to be used for store expansions and renovations.	651,608	
Less current portion of debt	<u>(34,424)</u>	<u>(458,145)</u>
Total long-term debt	<u>\$ 617,184</u>	<u>\$ -</u>

Estimated maturities on long-term debt as of June 30, 2011 are as follows:

June 30, 2012	\$ 34,424
June 30, 2013	35,673
June 30, 2014	36,968
June 30, 2015	38,309
June 30, 2016	39,682
Thereafter	<u>466,552</u>
	<u>\$ 651,608</u>

SUPPLEMENTARY INFORMATION

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A component unit of Durham County Government)
SCHEDULE OF STORE, ADMINISTRATIVE AND WAREHOUSE EXPENSES
Year Ended June 30, 2011

	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	\$ 162,424	\$ -	\$ 202,298	\$ 148,063	\$ 157,415	\$ 158,432	\$ 129,982	\$ 219,416	\$ 185,438	\$ 190,078	\$ 196,588	\$1,750,134	\$ 192,163	\$ 463,036	\$2,405,333
FICA taxes	11,968	-	15,299	10,545	11,169	11,886	9,764	16,072	13,518	13,654	14,563	128,438	14,113	33,562	176,113
Retirement fund	9,162	-	9,508	8,375	9,065	9,186	6,857	9,063	8,844	9,717	11,814	91,591	11,840	29,551	132,982
Life insurance	442	-	441	387	408	438	320	378	411	442	554	4,221	553	1,383	6,157
Hospital insurance	16,084	-	17,431	16,218	17,069	17,034	8,732	17,192	16,427	18,099	17,438	161,724	21,745	83,027	266,496
Disability insurance	1,470	-	1,468	1,289	1,360	1,451	1,067	1,259	1,372	1,473	1,849	14,058	1,844	4,614	20,516
Dental insurance	2,438	-	1,070	996	1,045	1,070	535	1,048	1,020	1,115	1,070	11,407	1,337	1,822	14,566
Rent	-	-	-	56,904	34,567	-	-	-	-	-	36,761	128,232	-	-	128,232
Maintenance - equipment	37	-	37	118	51	44	-	51	33	44	44	459	1,590	33	2,082
Utilities	9,432	2,765	9,162	3,132	4,305	12,098	3,294	9,477	8,544	9,214	7,653	79,076	13,598	6,847	99,521
Telephone	1,712	886	1,693	2,412	2,245	1,499	2,284	1,880	1,538	1,963	1,856	19,968	3,182	12,783	35,933
Credit card expenses	18,457	-	43,326	27,741	16,245	28,373	-	56,125	58,565	38,621	24,182	311,635	-	-	311,635
Insurance - general	4,462	-	5,678	3,776	3,746	8,018	5,120	10,518	7,244	6,756	5,090	60,408	8,349	13,268	82,025
Supplies	6,662	-	14,294	6,412	3,861	7,404	2,791	15,552	12,941	8,760	4,866	83,543	1,793	16,185	101,521
Travel expense	2,021	-	1,900	2,107	1,204	1,512	360	1,116	360	1,808	2,207	14,595	135	13,307	28,037
Temporary help	-	-	-	-	-	-	-	-	-	-	-	-	25,913	-	25,913
Maintenance agreements	4,106	15	5,741	5,452	3,991	4,808	5,734	6,246	6,096	5,731	4,172	52,092	2,553	32,556	87,201
Building maintenance	9,321	1,173	2,668	2,743	2,180	13,119	401	5,653	3,176	2,663	3,888	46,985	4,294	1,519	52,798
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-	3,004	3,004
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	123,264	123,264
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	3,993	3,993
Per diem - Board members	-	-	-	-	-	-	-	-	-	-	-	-	-	12,600	12,600
Yard maintenance	3,300	2,383	3,300	-	-	3,298	-	3,300	3,299	3,299	-	22,179	3,303	-	25,482
Security - alarm contracts	240	180	1,155	380	240	439	-	2,492	1,147	380	507	7,160	1,297	140	8,597
Vehicle expense	-	-	-	-	-	-	-	-	-	-	-	-	1,438	6,614	8,052
Gas and oil	-	-	-	-	-	-	-	-	-	-	-	-	5,041	3,262	8,303
Waste disposal	1,144	-	78	78	78	78	1,194	1,931	1,895	1,144	78	7,698	22	-	7,720
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	3,566	3,566
Bottled water	274	-	329	246	281	370	-	315	812	343	308	3,278	501	-	3,779
Staff training and development	-	-	-	-	-	-	-	-	-	-	-	-	-	3,990	3,990
Minor equipment	333	-	1,018	162	565	469	86	943	1,189	259	276	5,300	951	2,185	8,436
	265,489	7,402	337,894	297,536	271,090	281,026	178,521	380,027	333,869	315,563	335,764	3,004,181	317,555	876,111	4,197,847
Depreciation	15,028	6,221	15,199	16,295	17,874	20,598	6,383	27,740	37,355	17,223	13,661	193,577	17,517	19,040	230,134
	<u>\$ 280,517</u>	<u>\$ 13,623</u>	<u>\$ 353,093</u>	<u>\$ 313,831</u>	<u>\$ 288,964</u>	<u>\$ 301,624</u>	<u>\$ 184,904</u>	<u>\$ 407,767</u>	<u>\$ 371,224</u>	<u>\$ 332,786</u>	<u>\$ 349,425</u>	<u>\$3,197,758</u>	<u>\$ 335,072</u>	<u>\$ 895,151</u>	<u>\$4,427,981</u>

See accompanying notes.