



**DURHAM COUNTY  
ALCOHOLIC BEVERAGE CONTROL BOARD**

**DURHAM COUNTY  
NORTH CAROLINA**

**FY 2012 – 2013 BUDGET DOCUMENT**

**BOARD MEMBERS**

*Kimberly D. Shaw, Chairperson*

*Deirdre Guion*

*Michael "Kevin" Nelson*

*Erroll Reese*

*Connie J. White*

**GENERAL MANAGER**

*Emily A. Page*

**Durham County  
Alcoholic Beverage Control Board**

Emily A. Page  
General Manager

May 25, 2012

Dear Durham County Residents:

The following proposed Budget Document is the comprehensive spending plan for the Durham County ABC Board for the Fiscal Year 2012 - 2013. In compliance with ABC system legislation in North Carolina, this budget document has been formally issued directly to citizens. The Board of Durham County ABC and I welcome the opportunity to discuss this budget plan with you.

Budget preparation and implementation are critical to any organization. This process is not only for estimating revenues and expenses, but also for prioritizing the needs of Durham County ABC so that we can continue our mission to effectively control the sale of alcoholic beverages while maximizing the financial contribution that we make to the community through distributions to the County and City of Durham and through funding grant programs that provide alcohol abuse education and prevention. This proposed budget accomplishes these goals. The Board will continue to provide the high-quality customer service that has distinguished Durham County ABC for many years.

### **Highlights of the FY 2012-2013 Budget**

#### **Revenue and Other Income**

The budget projects revenue from liquor sales and other receipts to be \$25,399,140 for FY2013. These projections are based on expected sales increases based on recent trends.

#### **Facility Improvements/Purchases**

The board is considering several facility improvements that will enhance the shopping experience for our customers at several of our older stores as well as the possibility for establishing new locations as the market demands. Many of the plans are still in concept stage so the budget is provisional to ensure that funds are available should these projects be approved. The anticipated investment in facility improvements is \$770,746.

#### **Compensation Plan**

In accordance with the Board's Compensation Plan, competitive base salaries are maintained. Durham County ABC compensates employees on a Pay for Performance basis and utilizes merit pay increases and merit bonuses, to recognize and reward individual and team results. Under this system of performance-based adjustments, the anticipated increase in salaries expense is \$25,805 as merit increases only impact approximately five months of the fiscal year (i.e. paid from Feb. – June 2013). The budget available for merit bonuses is \$61,932.

This year's budget also has provision for a possible 401K benefit for all full time employees. Our Law Enforcement employees receive a 5% 401K contribution by statute. Many comparable ABC Boards offer 401K as a benefit to their employees as do the County and the City of Durham. The Board has not formally considered or approved the addition of this benefit; however, funding has been made available in the budget so that consideration can be given during the fiscal year once more research is completed.

### **Profit Distributions to Local Government**

Durham County ABC Board has budgeted \$663,631 for distribution to the general fund of Durham County and \$73,737 to the general fund of the City of Durham. Budgeted amounts are statutory requirements based on specific percentages of our profits.

Distributions are paid quarterly. At the end of each fiscal year the Durham County ABC Board determines the actual final amount of contribution that can be made, often exceeding the statutory requirements. The contributions decision is based on how much funding is available over the anticipated operating and strategic needs funding that will enable Durham ABC to continue to thrive over the long term.

## **Major Projection Variables and Assumptions**

### **Operating Projections**

The Board's primary source of revenue is sale of spirituous liquor. Projected sales growth is an important assumption in our proposed budget. Based on detailed reviews of recent historical sales trends, we are forecasting a 4.31% rate of increase in retail liquor sales for FY2013. Liquor sales to mixed beverage outlets (e.g. restaurants, bars, clubs, etc.) reflect an anticipated 2.81% increase.

Taxes related to the sales of spirituous liquor and fortified wine total are planned at \$6,042,670 in the budget. Of these taxes, \$5,959,047 will be paid to the state of North Carolina and \$83,623 to Durham County Government for alcohol rehabilitation programs. Our Cost of Goods Sold totals \$13,270,233.

Personnel expenses and facility expenses comprise the vast majority of operating expenses. The budget for merit-based salary increases remains at 3% as does the budget for merit-based bonuses. Salary increases, if given, are based on individual performance and where an individual's compensation falls in the salary range for his/her position. Bonuses, if given, are awarded based on performance only. Pay increases based on merit and merit bonuses are included at the same rates as for 2012. Durham ABC uses a comprehensive performance evaluation system to determine an individual's merit for compensation.

Improvements in operating efficiencies are anticipated, therefore, total operating expenses are projected to be \$4,047,579 which is a decrease from last year's budgeted amount.

### **Profit Distributions**

After the expenses required to meet the needs of the business are met, our estimated profit is \$1,376,607. North Carolina Alcoholic Beverage Control statutes require that Durham County ABC distribute specific percentages of its profits to the general funds of the County and the City of Durham and for alcohol education in the community. The Board considers its responsibility for providing these

distributions toward the public good to be an important part of our mission. The total required distributions are \$806,891. After all statutory distributions, an anticipated net income of \$569,715 remains. The Board will determine how this net income can best be utilized to fulfill the mission and strategic plans for Durham County ABC.

### **Staffing Levels**

Durham County ABC anticipates utilizing 51 full-time, active employees for FY2013. This includes 42 store and warehouse employees, 3 law enforcement employees, and 6 administrative employees. In addition, part-time employees are utilized as needed in the stores and warehouse based on the needs of the business.

The Board and staff of Durham County ABC appreciate the opportunity to serve the Durham community. Your comments on this budget proposal are welcomed. A public hearing will be held on Monday, June 11, 2012 at 5:30 pm at the administrative office of Durham County ABC. Citizens of Durham County are invited to share comments on the proposed budget during this hearing. For information on the hearing, please visit [www.durhamabc.com](http://www.durhamabc.com) or call 919/419-6217. Comments can also be shared in writing and sent electronically to [info@durhamabc.com](mailto:info@durhamabc.com) or mailed to Public Comments on Budget Proposal, 3620 Durham Chapel Hill Blvd., Durham, NC 27707. All comments must be received before 5:00 pm on June 11, 2012.

Sincerely,

Emily Page

**ANNUAL BUDGET DOCUMENT  
DURHAM COUNTY ABC BOARD  
Durham County, North Carolina**

**FY 2012 - 2013**

WHEREAS, the proposed budget for FY 2012 - 2013 was submitted to the Durham County ABC Board on May 24, 2012 by the General Manager and filed with the Clerk to the Durham County Board of Commissioners and the NC ABC Commission on May 25, 2012, pursuant to G.S. 18B-702;

WHEREAS, on June 11, 2012, the Durham County ABC Board held a public hearing on the budget pursuant to G.S. 18B-702;

WHEREAS, on June 18, 2012, the Durham County ABC Board adopted a budget making appropriations in such sums as the Board considers sufficient and proper in accordance with G.S. 18B-702;

THEREFORE, the following Budget Document establishes the anticipated revenues and expense appropriations for the Durham County ABC Board for the fiscal year beginning July 1, 2012 and ending June 30, 2013.

**Section 1. Estimated Revenues.** It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2012 and ending June 30, 2013 to meet the operational and functional appropriations as set forth in Section 2.

**Estimated Revenues:**

Sales	\$ 25,397,580
Other Income	1,560
Total	<u><u>\$ 25,399,140</u></u>

**Section 2. Appropriations.** The following expenses are hereby appropriated for fiscal year 2012 - 2013 and are funded by the revenues set forth in the foregoing Section 1.

**Appropriations:**

**Taxes Based on Revenue** \$ 6,042,670

**Cost of Sales** \$ 13,270,233

<b>Operating Expenses:</b>	Stores	Warehouse	Admin.	Law Enf.	Totals
Personnel Expenses	\$ 2,029,422	\$ 255,381	\$ 554,876		\$ 2,839,679
Facilities Expenses	254,688	28,440	22,440		305,568
Supplies and Materials	91,056	2,040	25,020		118,116
Contracted & Prof. Svs	46,625	25,200	73,000		144,825
Repair & Maintenance	53,580	15,600	40,560		109,740
Credit Card Fees	302,011	0	0		302,011
Travel, Training & Development	13,080	180	45,000		58,260
Other Operating Expenses	72,420	9,360	32,600		114,380
Miscellaneous - Contingency			55,000		55,000
<b>Total Operating Expenses</b>	<b>\$ 2,862,882</b>	<b>\$ 336,201</b>	<b>\$ 848,496</b>	<b>\$ -</b>	<b>\$ 4,047,579</b>

**Capital Outlay:**

Store 3 - 2806 Hillsborough Road	\$ 80,000
Store 1 - 1928 Holloway Street	100,000
Point-of-Sale System	225,000
Miscellaneous	365,746
Debt Proceeds	0
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Net Capital Outlay \$ 770,746

**Debt Service/Lease:** \$ 144,300

**Total Estimated Expense** \$ 24,275,528

**Distributions:**

Mandatory 3.5% and Bottle Tax	\$ 737,368
Law Enforcement	\$ 316,721
Alcohol Education & Rehab	69,523
Other County/Municipal	

Total Distributions \$ 1,123,612

Working Capital Retained (Appropriated Fund Balance) \$ -

**Total Appropriations** 25,399,140

**Section 3. Amendments.** The Board may amend the budget as deemed necessary in accordance with G.S. 18B-702(h). The Budget Officer may amend the budget in amounts up to \$50,000 with a report to the Durham County ABC Board at its subsequent regular meeting.

**Section 4.** In accordance with G.S. 18B-702(g), copies of this Budget Document shall be filed with the Durham County Board of Commissioners and the North Carolina ABC Commission, and provided to the Budget Officer and Finance Officer to be kept on file for their direction in the disbursement of funds.

***Adopted by the Durham County ABC Board this 18th day of June, 2012***