



Financial Statements

for

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

June 30, 2022 and 2021

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

## REPORT OF INDEPENDENT AUDITORS

### ***Opinion***

We have audited the financial statements of the Durham County Alcoholic Beverage Control Board, a component unit of Durham County Government, which comprise the Statement of Net Position as of June 30, 2022, and the related Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Durham County Alcoholic Beverage Control Board, a component unit of Durham County Government, as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Durham County Alcoholic Beverage Control Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The financial statements of the Durham County Alcoholic Beverage Control Board, as of and for the year ended June 30, 2021, were audited by other auditors, whose report, dated September 9, 2021, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Durham County Alcoholic Beverage Control Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Other Post Employment Benefit schedules, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Store, Warehouse and Administrative Expenses, Schedule of Distributions of Profits, and Reconciliation of Budget to Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenue and Store, Warehouse and Administrative Expenses, Schedule of Distributions of Profits, and Reconciliation of Budget to Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Dean Dotson Allen Ford, PLLC*

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
 (A Component Unit of Durham County Government)  
 Management's Discussion and Analysis  
 (Unaudited)

This section of Durham County Alcoholic Beverage Control (*ABC*) Board's (*the Board*) financial report represents management's discussion and analysis of the financial performance of the Board for the years ended June 30, 2022 and 2021. This information should be read in conjunction with the audited financial statements included in this report.

***Financial Highlights***

- Working capital decreased approximately 17% over the prior year.
- Change in net position before profit distributions increased 16.56% over the prior year.
- Approximately 9.92% of profits before distributions were expended for law enforcement in the current year.
- Approximately 5.98% of profits before distributions were expended for alcohol education in the current year.
- Approximately 4.95% of gross sales were distributed to the City of Durham and Durham County governmental units in the current year.

***Overview of the Financial Statements***

The 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 North Carolina ABC Commission*

The *Basic Financial Statements* are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the **Statement of Net Position**. Assets and liabilities are classified between current and 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 Position**. This statement is used in evaluating whether the Board has recovered all of its costs through sales. Its information is used in determining credit worthiness.

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

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

The North Carolina 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, Warehouse and Administrative Expenses**, **Schedule of Distributions of Profits**, and a **Reconciliation of Budget to Actual**.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Management's Discussion and Analysis  
(Unaudited)

**Financial Analysis of Durham County ABC Board**

Net Position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities and deferred inflows by \$19,083,281 in 2022, by \$16,406,864 in 2021, and by \$14,394,307 in 2020. The largest component of net position was the investment in capital assets. It was 81% of the total net position for 2022, 75% for 2021, and 48% for 2020. Following is a summary of the Statement of Net Position:

Table 1  
Condensed Statement of Net Position

	June 30, 2022	June 30, 2021	June 30, 2020	\$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Current assets	\$ 11,760,580	\$ 10,965,274	\$ 12,735,150	\$ 795,306	7.25%
Non-current assets	15,523,780	12,298,131	6,948,809	3,225,649	26.23%
Deferred outflows of resources	<u>875,655</u>	<u>627,613</u>	<u>551,691</u>	<u>248,042</u>	39.52%
Total assets and deferred outflows of resources	<u>\$ 28,160,015</u>	<u>\$ 23,891,018</u>	<u>\$ 20,235,650</u>	<u>\$ 4,268,997</u>	17.87%
Current liabilities	\$ 5,340,988	\$ 4,925,381	\$ 4,363,928	\$ 415,607	8.44%
Non-current liabilities	3,045,428	2,528,988	1,467,315	516,440	20.42%
Deferred inflows of resources	<u>690,318</u>	<u>29,785</u>	<u>10,100</u>	<u>660,533</u>	2,217.67%
Total liabilities and deferred inflows of resources	<u>\$ 9,076,734</u>	<u>\$ 7,484,154</u>	<u>\$ 5,841,343</u>	<u>\$ 1,592,580</u>	21.28%
Net Position					
Net investment in capital assets	\$ 15,523,780	\$ 12,298,131	\$ 6,948,809	\$ 3,225,649	26.23%
Restricted net position	1,654,728	1,458,333	1,305,213	196,395	13.47%
Unrestricted net position	<u>1,904,773</u>	<u>2,650,400</u>	<u>6,140,285</u>	<u>(745,627)</u>	(29.19%)
Total Net Position	<u>\$ 19,083,281</u>	<u>\$ 16,406,864</u>	<u>\$ 14,394,307</u>	<u>\$ 2,676,417</u>	16.31%

For June 30, 2022, the increase in assets over the prior year was due to current year profitability and additions to capital assets and leased assets. The increase in liabilities compared to the prior year was due to an increase in lease liabilities. There was also an increase in payables for inventory.

For June 30, 2021, the increase in liabilities compared to the prior year was due to recording lease liabilities and an increase in payables for inventory. There was also an increase in alcohol education distributions payable at year end with the prior year distributions being paid out prior to year end. The increase in assets over the prior year was due to current year profitability and additions to capital assets.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Management's Discussion and Analysis  
(Unaudited)

Net position as of June 30, 2022 increased by 16.31% from June 30, 2021 compared to a 13.98% increase between 2021 and 2020. Income from operations increased by 21.06% over the prior year and by 14.14% between 2021 and 2020. Following is a summary of the changes in net position:

Table 2  
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2022	June 30, 2021	June 30, 2020	<u>\$ Change</u> This Yr Over Last Yr	<u>% Change</u> This Yr Over Last Yr
Operating revenues	\$ 56,097,641	\$ 49,234,979	\$ 44,198,441	\$ 6,862,662	13.94%
Less: Taxes on gross sales	<u>13,074,714</u>	<u>11,318,312</u>	<u>10,262,891</u>	<u>1,756,402</u>	15.52%
Net Sales	43,022,927	37,916,667	33,935,550	5,106,260	13.47%
Less: Cost of sales	<u>28,750,469</u>	<u>25,580,460</u>	<u>22,973,010</u>	<u>3,170,008</u>	12.39%
Gross Profit	14,272,458	12,336,207	10,962,540	1,936,252	15.70%
Less: Operating expenses	<u>7,344,030</u>	<u>6,613,193</u>	<u>5,948,511</u>	<u>730,837</u>	11.05%
Income from Operations	6,928,428	5,723,014	5,014,029	1,205,414	21.06%
Non-operating revenues and expenses, net	<u>(443,144)</u>	<u>(133,294)</u>	<u>92,749</u>	<u>(309,850)</u>	232.46%
Change in net position Before Distributions	6,485,284	5,589,720	5,106,778	895,565	16.02%
Less: Distributions	<u>3,808,867</u>	<u>3,577,163</u>	<u>3,505,115</u>	<u>231,704</u>	6.48%
Change in Net Position	2,676,417	2,012,557	1,601,663	663,861	32.99%
Net Position - Beginning	<u>16,406,864</u>	<u>14,394,307</u>	<u>12,792,644</u>	<u>2,012,557</u>	13.98%
Net Position - Ending	<u>\$ 19,083,281</u>	<u>\$ 16,406,864</u>	<u>\$ 14,394,307</u>	<u>\$ 2,676,417</u>	16.31%

For 2022, gross sales were up \$6,862,662 (+13.94%). This was the net result of an increase in retail sales and a significant increase in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

For 2021, gross sales were up \$5,036,538 (+11.40%). This was the net result of an increase in retail sales offset by a decrease in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

Following is a breakdown of gross sales by source:

	June 30, 2022	June 30, 2021	June 30, 2020	<u>\$ Change</u> This Yr Over Last Yr	<u>% Change</u> This Yr Over Last Yr
Retail Liquor Sales	\$ 45,821,634	\$ 44,100,274	\$ 37,550,787	\$ 1,721,360	3.90%
Mixed Beverage Sales	<u>10,276,007</u>	<u>5,134,705</u>	<u>6,647,654</u>	<u>5,141,302</u>	100.13%
Total Gross Sales	<u>\$ 56,097,641</u>	<u>\$ 49,234,979</u>	<u>\$ 44,198,441</u>	<u>\$ 6,862,662</u>	13.94%

In 2022, retail sales had a slight increase and mixed beverage sales had a significant increase compared to 2021.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Management's Discussion and Analysis  
(Unaudited)

### Capital Assets

Investment in capital assets as of June 30, 2022, totals \$15,523,780 (net of accumulated depreciation).

Major capital asset transactions during the year include the following:

- Construction on Highway 55 totaling \$2,625,010
- New leased asset for Store No. 12 totaling \$1,299,269
- Landscape improvements for Store No. 1 totaling \$84,332

Table 3  
Capital Assets  
(net of depreciation)

	June 30, 2022	June 30, 2021	June 30, 2020	\$ Change	% Change
				This Yr Over Last Yr	This Yr Over Last Yr
Land	\$ 2,580,733	2,267,051	2,255,345	\$ 313,682	13.84%
Work in progress	3,805,538	4,764,561	1,049,263	(959,023)	(20.13%)
Buildings and improvements	5,631,454	2,975,278	2,844,453	2,656,176	89.27%
Vehicles	190,457	279,919	127,993	(89,462)	(31.96%)
Furniture and equipment	916,662	546,282	398,953	370,380	67.80%
Law Enforcement	248,168	256,114	272,802	(7,946)	(3.10%)
Leased Assets	2,150,768	1,208,926		941,842	77.91%
Total	<u>\$ 15,523,780</u>	<u>\$ 12,298,131</u>	<u>\$ 6,948,809</u>	<u>\$ 3,225,649</u>	26.23%

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

### Requests for Information

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



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Statements of Net Position  
June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,623,742	\$ 5,122,532
Inventories	8,800,648	5,702,728
Prepaid expenses	336,190	140,014
Total current assets	11,760,580	10,965,274
Noncurrent assets:		
Capital assets:		
Land	2,580,733	2,267,051
Work in progress	3,805,538	4,764,561
Depreciable capital assets, net	6,738,573	3,801,479
Law enforcement, net	248,168	256,114
Total capital assets, net	13,373,012	11,089,205
Leased assets:		
Amortizable leased assets, net	2,150,768	1,208,926
Total noncurrent assets	15,523,780	12,298,131
Total assets	\$ 27,284,360	\$ 23,263,405
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	\$ 836,558	\$ 587,895
OPEB deferrals	39,097	39,718
Total deferred outflows of resources	\$ 875,655	\$ 627,613
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 2,281,344	\$ 2,020,902
Distributions payable	1,310,082	1,333,689
State taxes payable	1,071,763	962,543
Accrued expenses:		
Liabilities	126,795	119,376
Payroll and related costs	166,379	97,054
Sales tax payable	99,424	72,440
Current portion of lease liabilities	285,201	319,377
Total current liabilities	5,340,988	4,925,381
Noncurrent liabilities:		
Accrued vacation	101,602	106,979
Noncurrent portion of lease liabilities	1,922,559	889,549
Net pension liability	469,280	943,384
Total OPEB liability	551,987	589,076
Total noncurrent liabilities	3,045,428	2,528,988
Total liabilities	\$ 8,386,416	\$ 7,454,369

(Continued)

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Statements of Net Position  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	\$ <u>690,318</u>	\$ <u>29,785</u>
NET POSITION:		
Net investment in capital assets	\$ 15,523,780	\$ 12,298,131
Restricted for working capital	1,654,728	1,458,333
Unrestricted	<u>1,904,773</u>	<u>2,650,400</u>
Total net position	\$ <u>19,083,281</u>	\$ <u>16,406,864</u>

The accompanying notes are an integral part of the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE:		
Liquor sales-regular	\$ 45,821,634	\$ 44,100,274
Mixed beverage sales	10,276,007	5,134,705
Total gross sales	<u>56,097,641</u>	<u>49,234,979</u>
DEDUCT TAXES ON GROSS SALES:		
State excise tax	12,165,214	10,780,809
Mixed beverage tax (Revenue)	711,913	380,644
Mixed beverage tax (Human Resources)	71,191	38,064
Rehabilitation tax	126,396	118,795
Total taxes on gross sales	<u>13,074,714</u>	<u>11,318,312</u>
NET SALES	<u>43,022,927</u>	<u>37,916,667</u>
DEDUCT COST OF SALES:		
Cost of liquor sold	<u>28,750,469</u>	<u>25,580,460</u>
GROSS PROFIT ON SALES	<u>14,272,458</u>	<u>12,336,207</u>
DEDUCT OPERATING EXPENSES:		
Store expenses	4,324,496	4,257,162
Warehouse and delivery expenses	618,416	649,478
Administrative expenses	1,598,850	1,079,634
Depreciation and amortization expenses	802,268	626,919
Total operating expenses	<u>7,344,030</u>	<u>6,613,193</u>
INCOME FROM OPERATIONS	<u>6,928,428</u>	<u>5,723,014</u>
NON-OPERATING REVENUES AND EXPENSES:		
Interest income	1,230	1,134
Other income (expense)	(444,374)	(134,428)
Total non-operating revenues and expenses	<u>(443,144)</u>	<u>(133,294)</u>
CHANGE IN NET POSITION BEFORE DISTRIBUTIONS	<u>6,485,284</u>	<u>5,589,720</u>
DEDUCT:		
Law Enforcement	643,261	602,067
Alcohol education/rehabilitation	387,828	308,429
Total distributions	<u>1,031,089</u>	<u>910,496</u>
CHANGE IN NET POSITION BEFORE PROFIT DISTRIBUTIONS (Forward)	<u>5,454,195</u>	<u>4,679,224</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CHANGE IN NET POSITION		
BEFORE PROFIT DISTRIBUTIONS (Forwarded)	\$ <u>5,454,195</u>	\$ <u>4,679,224</u>
PROFIT DISTRIBUTIONS:		
City of Durham	277,778	266,667
County of Durham	<u>2,500,000</u>	<u>2,400,000</u>
Total profit distributions	<u>2,777,778</u>	<u>2,666,667</u>
CHANGE IN NET POSITION	2,676,417	2,012,557
NET POSITION - Beginning of year	<u>16,406,864</u>	<u>14,394,307</u>
NET POSITION - End of year	<u>\$ 19,083,281</u>	<u>\$ 16,406,864</u>

The accompanying notes are an integral part of the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Statements of Cash Flows  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 56,097,641	\$ 49,234,979
Cash payments to suppliers for goods and services and taxes on sales	(34,486,154)	(27,406,222)
Cash payments to employees for services	(3,882,727)	(3,495,453)
Sales taxes paid	(12,938,510)	(11,280,660)
Net cash provided by operating activities	<u>4,790,250</u>	<u>7,052,644</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	(3,182,421)	(4,553,057)
Payments on lease liabilities	(298,982)	(363,115)
Net cash used by capital and related financing activities	<u>(3,481,403)</u>	<u>(4,916,172)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Law enforcement distributions	(643,261)	(602,067)
Alcohol education distributions	(387,828)	(308,429)
Profit distributions to primary government	(2,777,778)	(2,666,667)
Net cash used by non-capital financing activities	<u>(3,808,867)</u>	<u>(3,577,163)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	1,230	1,134
Net cash provided by investing activities	<u>1,230</u>	<u>1,134</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,498,790)	(1,439,557)
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>5,122,532</u>	<u>6,562,089</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 2,623,742</u>	<u>\$ 5,122,532</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Income from Operations	\$ 6,928,428	\$ 5,723,014
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	810,214	641,348
Changes in assets and liabilities:		
Inventories	(3,097,920)	249,842
Prepaid expenses	(196,176)	80,477
Accounts payable	260,442	336,043
State taxes payable	109,220	104,595
Accrued liabilities	(16,188)	(131,420)
Accrued payroll and related costs	63,948	14,216
Accrued sales tax payable	26,984	(66,943)
Net pension liability	(474,104)	132,027
Total OPEB liability	(37,089)	25,682
Deferred outflows of resources for pensions	(248,663)	(73,194)
Deferred inflows of resources for pensions	660,533	19,685
Deferred outflows of resources for OPEB	621	(2,728)
Net cash provided by operating activities	<u>\$ 4,790,250</u>	<u>\$ 7,052,644</u>

The accompanying notes are an integral part of the financial statements.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Notes to Financial Statements  
June 30, 2022 and 2021

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

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

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

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

D. Basis of Accounting:

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

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 Position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense and other post-employment benefit expenses. Actual results may differ from those estimates.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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1. Summary of Significant Accounting Policies (Continued)

F. Pensions:

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

***Assets, Liabilities, and Net Position***

A. Deposits:

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

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no formal policy regarding custodial credit risk for deposits; however, it is the current informal policy to follow State requirements.

At June 30, 2022 and 2021, the Board's deposits had a carrying amount of \$2,595,198 and \$5,091,442, respectively, and a bank balance of \$3,430,152 and \$4,982,430, respectively. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,180,152 was covered by collateral held under the Pooling Method.

B. Cash and Cash Equivalents:

For purposes of the statement 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.

C. Inventories:

Inventories are valued at the lower of cost or market.

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1. Summary of Significant Accounting Policies (Continued)

D. Capital Assets:

Capital Asset activity for the year ended June 30, 2022 was as follows:

	Balance 06/30/21	Increases	Decreases	Balance 6/30/2022
<b>Capital assets not being depreciated</b>				
Land	\$ 2,267,051	\$ 313,682	\$	\$ 2,580,733
Work in progress	4,764,561	3,020,726	3,979,749	3,805,538
Total capital assets not being depreciated	<u>7,031,612</u>	<u>3,334,408</u>	<u>3,979,749</u>	<u>6,386,271</u>
<b>Capital assets being depreciated</b>				
Buildings and improvements	4,596,421	3,387,394	750,601	7,233,214
Furniture/Equipment	1,619,534	566,776		2,186,310
Vehicles	447,622	27,597	126,323	348,896
Law enforcement	348,857			348,857
Total capital assets being depreciated	<u>7,012,434</u>	<u>3,981,767</u>	<u>876,924</u>	<u>10,117,277</u>
<b>Less accumulated depreciation</b>				
Buildings and improvements	1,621,143	233,962	253,345	1,601,760
Furniture/Equipment	1,073,252	196,396		1,269,648
Vehicles	167,703	49,687	58,951	158,439
Law enforcement	92,743	7,946		100,689
Total Accumulated Depreciation	<u>2,954,841</u>	<u>487,991</u>	<u>312,296</u>	<u>3,130,536</u>
Total capital assets, being depreciated, net	<u>4,057,593</u>	<u>3,493,776</u>	<u>564,628</u>	<u>6,986,741</u>
<b>Leased Assets</b>				
Buildings	1,428,173	1,299,269	92,411	2,635,031
Total leased assets being amortized	<u>1,428,173</u>	<u>1,299,269</u>	<u>92,411</u>	<u>2,635,031</u>
<b>Less accumulated amortization</b>				
Buildings	219,247	322,223	57,207	484,263
Total accumulated amortization	<u>219,247</u>	<u>322,223</u>	<u>57,207</u>	<u>484,263</u>
Total leased assets, being amortized, net	<u>1,208,926</u>	<u>977,046</u>	<u>35,204</u>	<u>2,150,768</u>
<b>Capital assets-net</b>	<u>\$ 12,298,131</u>			<u>\$ 15,523,780</u>

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

E. Long-Lived Assets:

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



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
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1. Summary of Significant Accounting Policies (Concluded)

F. Governmental Accounting Standards Board Statement No. 87:

The Board adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

There was no restatement of net position as of July 1, 2020 as a result of the implementation of GASB Statement No. 87, *Leases*.

2. Net Position

Net Position consists of the following:

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

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

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

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

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

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3. Pension Plan Obligations and Other Post-Employment Benefits

***Local Government Employees' Retirement System***

A. Plan Description:

The Board is a participating employer in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

B. Benefits Provided:

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

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

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3. Pension Plan Obligations and Other Post-Employment Benefits (Continued)

C. Contributions:

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was 11.45% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$298,824 and \$248,025 for the years ended June 30, 2022 and June 30, 2021, respectively.

D. Refunds of Contributions:

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

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

At June 30, 2022, the Board reported a liability of \$469,280 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Board's proportion was 0.03060%, which was an increase of 0.00420% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Board recognized pension expense of \$236,590. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 149,295	\$
Changes of assumptions	294,828	
Net difference between projected and actual earnings on pension plan investments		670,461
Changes in proportion and differences between employer contributions and proportionate share of contributions	93,611	19,857
Employer contributions subsequent to the measurement date	298,824	
	<u>\$ 836,558</u>	<u>\$ 690,318</u>

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3. Pension Plan Obligations and Other Post-Employment Benefits (Continued)

\$298,824 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ 69,288
2024	5,065
2025	(21,772)
2026	(205,165)
	<u>\$ (152,584)</u>

**Actuarial Assumptions:**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2020.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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3. Pension Plan Obligations and Other Post-Employment Benefits (Continued)

Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
	100.0%	

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

**Discount Rate:**

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

**Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate:**

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
ABC Board's proportionate share of the net pension liability (asset)	\$ 1,821,707	\$ 469,280	\$ (643,688)

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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3. Pension Plan Obligations and Other Post-Employment Benefits (Continued)

**Death Benefits:**

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

***Other Post-Employment Benefits (OPEB)***

A. Plan Description:

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

B. Total OPEB Liability:

The Board's total OPEB liability of \$551,987 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

*Actuarial Methods and Assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases:	
General employees	3.25 to 8.41 percent
Law Enforcement Officers	3.25 to 7.90 percent
Discount rate	2.16 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

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3. Pension Plan Obligations and Other Post-Employment Benefits (Concluded)

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

**Changes in Total OPEB Liability**

	Total OPEB Liability
Balance at July 1, 2021	\$ 589,076
Changes for the year:	
Interest on total OPEB liability and Cash Flows	12,582
Difference between expected and actual experience	173
Changes in assumptions or other inputs	(10,126)
Net benefit payments	(39,718)
Net changes	(37,089)
Balance at June 30, 2022	\$ 551,987

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

4. Law Enforcement Division

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

5. Leases

The Board has entered into lease agreements for buildings for three store locations. The total of the Board's lease assets is recorded at a cost of \$2,635,031, less accumulated amortization of \$484,263.

The future lease payments under lease agreements are as follows:

	Leases		
	Principal	Interest	Total
2023	\$ 285,201	\$ 55,988	\$ 341,189
2024	265,936	48,686	314,622
2025	216,802	42,463	259,265
2026	225,168	36,484	261,652
2027	248,146	30,090	278,236
2028-2031	966,507	50,541	1,017,048
	\$ 2,207,760	\$ 264,252	\$ 2,472,012

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6. Vacation and Sick Leave Compensation

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2022 and 2021 amounted to \$101,602 and \$106,979, respectively. The current portion of the accumulated vacation pay is not considered to be material.

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

7. Distributions of Income

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

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

<u>Store Location</u>	<u>2022</u>	<u>2021</u>
90% County of Durham	\$ 2,500,000	\$ 2,400,000
10% City of Durham	\$ 277,778	\$ 266,667

8. Law Enforcement and Alcohol Education Expenses

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

	<u>2022</u>	<u>2021</u>
Profit before distributions	\$ 6,485,284	\$ 5,589,720
Less: 3½% tax and bottle charge	1,545,777	1,267,294
Profit subject to expense percentages	<u>\$ 4,939,507</u>	<u>\$ 4,322,426</u>
Law enforcement expenditures--Actual	\$ 643,261	\$ 602,067
(Percentage of profit)	<u>13.02%</u>	<u>13.93%</u>
Provision for alcohol education and rehabilitation--Actual	\$ 387,828	308,429
(Percentage of profit)	<u>7.85%</u>	<u>7.14%</u>



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9. Disbursement of Taxes Included in Selling Price

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

	2022	2021
Taxes payable July 1	\$ 892,138	\$ 687,293
Taxes collected during the year	12,165,214	10,780,809
Taxes remitted to Department of Revenue	<u>(12,068,553)</u>	<u>(10,575,964)</u>
Taxes payable June 30	<u>\$ 988,799</u>	<u>\$ 892,138</u>

The excise tax is computed in accordance with G.S. 18B-805(i) and is included in State Taxes Payable in the Statements of Net Position.

An additional bottle charge as provided for in G.S. 18B-804(b)(6b) of one cent on each bottle containing 50 milliliters or less and five cents on each bottle containing more than 50 milliliters is collected and distributed monthly for alcohol education and rehabilitation.

For the fiscal year ended June 30, 2022, payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	1,987,370 at 5 cents =	\$ 99,368
Mixed beverage bottles	362,517 at 5 cents =	18,126
Miniature bottles	890,169 at 1 cent =	<u>8,902</u>
Total payment for the year		<u>\$ 126,396</u>

For the fiscal year ended June 30, 2021, payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	2,015,838 at 5 cents =	\$ 100,792
Mixed beverage bottles	193,643 at 5 cents =	9,682
Miniature bottles	832,130 at 1 cent =	<u>8,321</u>
Total payment for the year		<u>\$ 118,795</u>

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

The mixed beverage tax for the year was:

	2022	2021
Department of Revenue (50%)	\$ 711,913	\$ 380,644
Department of Health and Human Services (5%)	71,191	38,064
Profit retained and remitted to local government (45%)	<u>640,722</u>	<u>342,580</u>
	<u>\$ 1,423,826</u>	<u>\$ 761,288</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Notes to Financial Statements  
June 30, 2022 and 2021

10. Bailment Surcharge Collected

The total amount of surcharge collected for the fiscal years June 30, 2022 and 2021 was \$285,617 and \$261,504, respectively. The bailment surcharge rate is \$1.15 per case.

11. Liquor Sales Tax

The total amount of sales tax collected by the Board and remitted to the Department of Revenue for the fiscal years June 30, 2022 and 2021 was \$3,180,530 and \$3,153,792, respectively. The current sales tax rate is 7%. This tax is collected as agent for the State in each sales transaction and remitted each month to the State. This tax is not shown in the Schedule of Revenues, Expenses, and Changes in Net Position.

12. Retail Outlets

The ABC Board operated eight retail outlets and one mixed beverage centralized location (3620 Chapel Hill Boulevard).

Store #	Store Address	Gross Sales		Change in Net Position	
		Year Ended June 30,		Year Ended June 30,	
		2022	2021	2022	2021
1	1928 Holloway St.	\$ 4,682,507	\$ 5,235,336	\$ 720,765	\$ 794,597
3	2806 Hillsborough Rd.	5,792,824	6,019,795	999,538	982,575
4	2121 T.W. Alexander Dr.	4,958,652	5,087,825	676,630	806,456
5	115 Sherron Rd.	3,312,092		353,143	(16,671)
8	5122 N. Roxboro Rd.	4,856,947	4,766,129	617,874	675,971
10	5202 Highway 55	5,397,496	5,679,261	886,613	873,183
11	3620 Chapel Hill Blvd.	16,071,545	11,335,300	3,339,840	1,928,583
12	1515 N. Point Dr.	5,185,725	5,078,019	635,219	783,632
14	4717 Hope Valley Rd.	5,839,853	6,033,314	1,040,769	1,006,770
		<u>\$ 56,097,641</u>	<u>\$ 49,234,979</u>	<u>\$ 9,270,391</u>	<u>\$ 7,835,096</u>

13. Working Capital

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

Minimum amount	\$ 1,654,728
Maximum amount	\$ 10,755,732
Actual amount	\$ 4,059,241

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

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Notes to Financial Statements  
June 30, 2022 and 2021

14. Risk Management

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

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

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

15. Commitments

The Board entered into a contract for construction on NC Highway 55 in Durham, NC. The remaining balance on the contract at June 30, 2022 is \$335,252.

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

SUPPLEMENTARY INFORMATION

ABC BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
ABC Board's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last eight fiscal years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0306%	0.0264%	0.0297%	0.0328%
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 469,280	\$ 943,384	\$ 811,357	\$ 778,128
ABC Board's covered-employee payroll	\$ 2,410,876	\$ 2,153,404	\$ 2,299,853	\$ 2,253,249
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.47%	43.81%	35.28%	34.53%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	88.61%	90.86%	91.63%

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

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0303%	0.0295%	0.0317%	0.2890%
\$ 462,595	\$ 625,664	\$ 142,178	\$ (186,477)
\$ 2,164,634	\$ 1,919,632	\$ 1,863,329	\$ 1,854,330
21.37%	32.59%	7.63%	(10.06%)
94.18%	91.45%	98.09%	102.64%

ABC BOARD'S CONTRIBUTIONS



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
 (A Component Unit of Durham County Government)  
 ABC Board's Contributions  
 Required Supplementary Information  
 Last eight fiscal years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 298,824	\$ 248,025	\$ 194,561	\$ 181,112
Contributions in relation to the contractually required contribution	<u>298,824</u>	<u>248,025</u>	<u>194,561</u>	<u>181,112</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
ABC Board's covered-employee payroll	\$ 2,608,382	\$ 2,410,876	\$ 2,153,404	\$ 2,299,853
Contributions as a percentage of covered-employee payroll	11.46%	10.29%	9.04%	7.87%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 171,914	\$ 160,184	\$ 130,609	\$ 139,597
<u>171,914</u>	<u>160,184</u>	<u>130,609</u>	<u>139,597</u>
\$ <u><u>          </u></u>	\$ <u><u>          </u></u>	\$ <u><u>          </u></u>	\$ <u><u>          </u></u>
\$ 2,253,249	\$ 2,164,634	\$ 1,919,632	\$ 1,863,329
7.63%	7.40%	6.80%	7.49%

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Required Supplementary Information  
June 30, 2022

	<u>2022</u>	<u>2021</u>
Interest on total OPEB liability and Cash Flows	\$ 12,582	\$ 19,077
Difference between expected and actual experience	173	(17,100)
Changes of assumptions or other inputs	(10,126)	60,695
Benefit payments	<u>(39,718)</u>	<u>(36,990)</u>
Net change in total OPEB liability	<u>(37,089)</u>	<u>25,682</u>
Total OPEB liability - beginning	<u>589,076</u>	<u>563,394</u>
 Total OPEB liability - ending	 <u>\$ 551,987</u>	 <u>\$ 589,076</u>
 Covered payroll	 \$ 2,608,382	 \$ 2,410,876
Total OPEB liability as a percentage of covered payroll	21.16%	24.43%

Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
SCHEDULE OF REVENUE AND STORE, WAREHOUSE AND ADMINISTRATIVE EXPENSES  
Year Ended June 30, 2022

	Store 1	Store 3	Store 4	Store 5	Store 8	Store 9	Store 10	Store 11	Store 12	Store 14	Subtotal	Warehouse	Administrative	Total
<b>Operating Revenue:</b>														
Liquor sales-regular	\$ 4,682,507	\$ 5,792,824	\$ 4,958,652	\$ 3,312,092	\$ 4,856,947	\$	\$ 5,397,496	\$ 5,795,538	\$ 5,185,725	\$ 5,839,853	\$ 45,821,634	\$	\$	\$ 45,821,634
Mixed beverage sales						10,276,007					10,276,007			10,276,007
Gross Sales	<u>4,682,507</u>	<u>5,792,824</u>	<u>4,958,652</u>	<u>3,312,092</u>	<u>4,856,947</u>	<u>10,276,007</u>	<u>5,397,496</u>	<u>5,795,538</u>	<u>5,185,725</u>	<u>5,839,853</u>	<u>56,097,641</u>			<u>56,097,641</u>
<b>Deduct Taxes on Gross Sales:</b>														
State excise tax	1,015,519	1,256,438	1,075,378	718,385	1,053,454	2,227,073	1,170,574	1,256,979	1,124,767	1,266,647	12,165,214			12,165,214
Mixed beverage tax (Revenue)						711,913					711,913			711,913
Mixed beverage tax (Human Resources)						71,191					71,191			71,191
Rehabilitation tax	10,541	13,064	11,176	7,462	10,948	23,158	12,166	13,056	11,668	13,157	126,396			126,396
Total Adjustments to Revenue	<u>1,026,060</u>	<u>1,269,502</u>	<u>1,086,554</u>	<u>725,847</u>	<u>1,064,402</u>	<u>3,033,335</u>	<u>1,182,740</u>	<u>1,270,035</u>	<u>1,136,435</u>	<u>1,279,804</u>	<u>13,074,714</u>			<u>13,074,714</u>
<b>Net Sales</b>	<u>3,656,447</u>	<u>4,523,322</u>	<u>3,872,098</u>	<u>2,586,245</u>	<u>3,792,545</u>	<u>7,242,672</u>	<u>4,214,756</u>	<u>4,525,503</u>	<u>4,049,290</u>	<u>4,560,049</u>	<u>43,022,927</u>			<u>43,022,927</u>
<b>Deduct Cost of Sales</b>	<u>2,465,269</u>	<u>3,035,123</u>	<u>2,622,480</u>	<u>1,769,495</u>	<u>2,561,708</u>	<u>4,561,697</u>	<u>2,850,211</u>	<u>3,065,021</u>	<u>2,751,654</u>	<u>3,067,811</u>	<u>28,750,469</u>			<u>28,750,469</u>
<b>Gross Profit on Sales</b>	<u>1,191,178</u>	<u>1,488,199</u>	<u>1,249,618</u>	<u>816,750</u>	<u>1,230,837</u>	<u>2,680,975</u>	<u>1,364,545</u>	<u>1,460,482</u>	<u>1,297,636</u>	<u>1,492,238</u>	<u>14,272,458</u>			<u>14,272,458</u>
<b>Deduct Operating Expenses:</b>														
Salaries and wages	203,420	206,320	199,836	206,590	178,125	37,949	221,977	300,815	190,076	187,409	1,932,517	352,836	1,063,674	3,349,027
FICA taxes	15,526	15,030	14,833	14,897	12,824	2,647	16,064	22,669	14,030	14,404	142,924	25,996	79,802	248,722
Pension expense	14,494	13,715	14,512	14,471	13,074		14,888	21,112	13,291	13,543	133,100	24,781	42,241	200,122
401(K) expense	3,185	4,459	4,708	4,411	4,167		3,848	5,004	2,920	3,060	35,762	5,680	12,614	54,056
Life insurance	560	728	656	693	643		737	1,161	675	917	6,770	1,325	1,496	9,591
Hospital insurance	25,692	31,393	30,869	27,841	19,369	104	19,996	43,420	24,930	26,174	249,788	48,143	102,906	400,837
Disability insurance	1,709	1,410	1,718	1,541	1,331		1,766	2,364	1,399	1,891	15,129	2,675	4,314	22,118
Dental insurance	1,201	2,132	2,421	1,051	350		1,035	2,021	976	1,051	12,238	1,918	3,884	18,040
Vision Insurance	223	244	329	137	185		244	327	186	156	2,031	310	674	3,015
Utilities	18,160	9,621	13,419	14,913	20,641	4,976	9,607	11,441	17,155	7,621	127,554	16,712	13,951	158,217
Telephone	772	772	772	772	772	913	772	772	772	818	7,907	3,347	6,406	17,660
Credit card expenses	47,728	91,567	75,514	43,316	65,666	51,207	81,486	87,108	74,309	94,275	712,176			712,176
Insurance - general	7,534	7,534	7,534	7,534	7,534	7,510	7,534	7,534	7,534	7,534	75,316	22,533	8,336	106,185
Supplies	23,269	25,825	21,979	15,537	23,292	18,010	25,612	26,490	22,931	25,789	228,734	9,489	17,231	255,454
Travel expense	175		811		149	237	25	269		33	1,699		7,680	9,379
Store Security		545			140			1,870			2,555			2,555
Safe Deposit	7,086	8,268	7,632	7,632	7,632	3,816	7,632	3,816	7,632	7,632	68,778			68,778
Temporary help												17,657		17,657
Maintenance agreements	16,662	14,188	39,458	14,237	56,735	15,479	14,188	14,188	53,623	14,187	252,945	14,182	29,987	297,114
Building maintenance	17,415	8,964	9,811	9,992	15,688	3,212	10,378	17,028	27,350	7,707	127,545	14,997	18,086	160,628
Postage													3,834	3,834
Professional services													143,042	143,042
Dues and subscriptions													7,622	7,622
Per diem - Board members													12,200	12,200
Yard maintenance	3,076	3,076	475		3,076		2,818	3,076	3,076	3,076	21,749	3,076	768	25,593
Security - alarm contracts	1,231	1,051	826	400	1,178		826	826	826	1,266	8,430	1,780	440	10,650
Vehicle expense						542					542	38,108	6,435	45,085
Gas and oil						175					175	9,146	4,499	13,820
Waste disposal	5,782	1,001	27	9,166	7,094	3,358	5,293	5,772	3,538	6,447	47,478	1,553	27	49,058
Advertising													298	298
Bottled water	669	638	598	625	697		678	452	462	557	5,376	452	423	6,251
Staff training and development													5,710	5,710
Minor equipment	850	2,633	2,482	452	3,769	2,455	4,347	2,244	2,710	4,278	26,220	1,720	270	28,210
Interest Expense	95		5,262		30,996				42,705		79,058			79,058
Depreciation	49,498	37,547	32,756	67,399	33,691	20,551	26,181	46,697	19,384	21,644	355,348	65,180	59,517	480,045
Amortization	4,401		83,750		104,145				129,927		322,223			322,223
Total Expenses	<u>470,413</u>	<u>488,661</u>	<u>572,988</u>	<u>463,607</u>	<u>612,963</u>	<u>173,141</u>	<u>477,932</u>	<u>628,476</u>	<u>662,417</u>	<u>451,469</u>	<u>5,002,067</u>	<u>683,596</u>	<u>1,658,367</u>	<u>7,344,030</u>
<b>Income from Operations</b>	<u>720,765</u>	<u>999,538</u>	<u>676,630</u>	<u>353,143</u>	<u>617,874</u>	<u>2,507,834</u>	<u>886,613</u>	<u>832,006</u>	<u>635,219</u>	<u>1,040,769</u>	<u>9,270,391</u>	<u>(683,596)</u>	<u>(1,658,367)</u>	<u>6,928,428</u>
<b>Non-Operating Revenues and Expenses</b>													<u>(443,144)</u>	<u>(443,144)</u>
<b>Change in Net Position Before Distributions</b>	<u>\$ 720,765</u>	<u>\$ 999,538</u>	<u>\$ 676,630</u>	<u>\$ 353,143</u>	<u>\$ 617,874</u>	<u>\$ 2,507,834</u>	<u>\$ 886,613</u>	<u>\$ 832,006</u>	<u>\$ 635,219</u>	<u>\$ 1,040,769</u>	<u>\$ 9,270,391</u>	<u>\$ (683,596)</u>	<u>\$ (2,101,511)</u>	<u>\$ 6,485,284</u>

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
SCHEDULE OF STORE, WAREHOUSE AND ADMINISTRATIVE EXPENSES  
Year Ended June 30, 2021

	Store 1	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	\$ 238,321	\$ 230,451	\$ 205,444	\$ 3,768	\$ 231,375	\$ 158,897	\$ 262,197	\$ 286,451	\$ 252,314	\$ 217,289	\$ 2,086,507	\$ 344,130	\$ 582,983	\$ 3,013,620
FICA taxes	18,168	16,570	19,494		16,082	12,852	20,357	20,308	17,710	16,324	157,865	22,444	40,338	220,647
Pension expense	26,720	26,331	26,240		26,941	9,046	26,728	31,291	27,616	24,600	225,513	46,100	77,883	349,496
401(K) expense	2,995	2,991	4,367		4,838	2,409	4,626	5,416	3,708	3,817	35,167	6,171	11,912	53,250
Life insurance	384	518	472	35	439	358	480	607	678	497	4,468	851	1,225	6,544
Hospital insurance	22,225	35,694	33,467	2,888	26,070	11,276	37,866	32,025	37,147	27,980	266,638	42,122	106,162	414,922
Disability insurance	1,299	1,620	1,478	105	1,359	1,141	1,494	1,876	1,739	1,174	13,285	2,683	4,380	20,348
Dental insurance	1,511	2,133	2,791	199	887	1,219	1,131	979	1,441	236	12,527	1,963	4,653	19,143
Vision insurance	193	237	280	22	220	152	276	276	249	141	2,046	313	611	2,970
Utilities	11,139	9,439	6,077	2,059	16,482	5,167	8,918	10,545	9,805	7,577	87,208	16,719	11,163	115,090
Telephone	411	411	411	11	541	351	411	411	411	411	3,780	3,095	7,415	14,290
Credit card expenses	50,269	93,470	73,965	2	62,539	21,887	83,178	90,403	66,655	95,182	637,550			637,550
Insurance - general	7,766	6,269	3,487		9,057	3,516	7,819	12,040	6,212	6,586	62,752	20,336	9,644	92,732
Supplies	20,675	22,561	17,752	594	15,465	2,276	21,350	22,660	19,947	22,398	165,678	7,870	12,017	185,565
Travel expense	667	616	1,028		429	696	541	634	449	638	5,698	424	3,363	9,485
Store Security							140		878		1,018			1,018
Safe Deposit	2,349	1,949	2,482	636	1,949	2,228	1,969	2,864	1,949	1,969	20,344			20,344
Temporary help												43,416		43,416
Maintenance agreements	31,515	11,987	14,897	217	45,893	10,117	11,584	12,174	17,747	12,146	168,277	9,380	19,896	197,553
Building maintenance	19,636	19,667	22,850	2,408	22,407	1,815	18,527	24,130	21,144	23,935	176,519	32,492	15,144	224,155
Postage													3,411	3,411
Professional services													136,782	136,782
Dues and subscriptions													10,437	10,437
Per diem - Board members													12,600	12,600
Yard maintenance	2,786	2,786			2,786		2,786	2,786	2,786	2,786	19,502	2,786		22,288
Security - alarm contracts	3,845	3,635	4,070	80	5,279		3,741	4,434	4,064	3,655	32,803	1,057	355	34,215
Vehicle expense												31,703	2,430	34,133
Gas and oil												6,226	3,834	10,060
Waste disposal	(247)	683	14	2,479	6,853	3,023	3,892	5,254	2,667	4,435	29,053	880	529	30,462
Advertising													469	469
Bottled water	784	410	869		620		608	581	642	478	4,992	489	717	6,198
Staff training and development													(5,568)	(5,568)
Minor equipment	861	3,274	6,803	1,168	5,887	1,478	3,399	3,115	3,631	3,155	32,771	5,828	2,967	41,566
Interest expense	283		333		4,585						5,201		1,882	7,083
	<u>464,555</u>	<u>493,702</u>	<u>449,071</u>	<u>16,671</u>	<u>508,983</u>	<u>249,904</u>	<u>524,018</u>	<u>571,260</u>	<u>501,589</u>	<u>477,409</u>	<u>4,257,162</u>	<u>649,478</u>	<u>1,079,634</u>	<u>5,986,274</u>
Depreciation	26,174	42,421	9,738		31,597	19,514	25,844	53,006	13,955	21,700	243,949	53,842	45,620	343,411
Amortization	52,806		70,974		95,467						219,247		64,261	283,508
	<u>\$ 490,729</u>	<u>\$ 536,123</u>	<u>\$ 458,809</u>	<u>\$ 16,671</u>	<u>\$ 540,580</u>	<u>\$ 269,418</u>	<u>\$ 549,862</u>	<u>\$ 624,266</u>	<u>\$ 515,544</u>	<u>\$ 499,109</u>	<u>\$ 4,501,111</u>	<u>\$ 703,320</u>	<u>\$ 1,125,254</u>	<u>\$ 6,613,193</u>

**DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**(A Component Unit of Durham County Government)**  
**Schedule of Distributions of Profits**  
**For the Year Ended June 30, 2022**

<b>Distribution</b>	<b>Recipient</b>	<b>Amount</b>	<b>Date of Distribution</b>	<b>Restrictions on Use</b>
Law Enforcement	NC State Bureau of Investigation - ALE	\$ 643,261	7/1/21 - 6/30/22	Law Enforcement
Alcohol Education	La Conexion	\$ 175	02/28/22	Community Ads - Alc. Ed.
	The Charlotte Post	405	02/28/22	Community Ads - Alc. Ed.
	Latino Commincations	260	02/28/22	Community Ads - Alc. Ed.
	McClatchy Company LLC/Nando Media	153	03/22/22	Community Ads - Alc. Ed.
	INDY Week	800	04/19/22	Community Ads - Alc. Ed.
	Zoom Grant Software	6,000	11/18/21	Internet Based Grant Software
	Charles Hamilton Houston Foundation	50,000	06/30/22	Alcohol Education
	Community Health Coalition	17,500	06/30/22	Alcohol Education
	Durham Co. Criminal Justice Resource Center	42,500	06/30/22	Alcohol Education
	Durham Proud Program	20,000	06/30/22	Alcohol Education
	Durham Business & Chain	35,000	06/30/22	Alcohol Education
	Durham County Teen Court	25,000	06/30/22	Alcohol Education
	LIFE Skills Foundation	20,000	06/30/22	Alcohol Education
	Pinnacle Community Development Corp./TRY	35,000	06/30/22	Alcohol Education
	El Futuro	25,000	06/30/22	Alcohol Education
	TROSA (Triangle Residential Options for Substance Abusers)	25,000	06/30/22	Alcohol Education
	Jubilee Home	35,000	06/30/22	Alcohol Education
	Urban Ministries of Durham	35,000	06/30/22	Alcohol Education
	Purpose Learning Lab, Inc.	15,000	06/30/22	Alcohol Education
	Future Grant Allocation	35	06/30/22	Alcohol Education
Total		<u>\$ 387,828</u>		
County and Municipality*	City of Durham	\$ 277,778	7/1/21 - 6/30/22	None
	Durham County	<u>2,500,000</u>	7/1/21 - 6/30/22	None
Total		<u>\$ 2,777,778</u>		

\*Payments to the county and municipality are made quarterly.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Reconciliation of Budget to Actual  
June 30, 2022

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>				
Operating Revenues:				
Liquor sales-regular	\$ 40,841,141	45,660,375	\$ 45,821,634	\$ 161,259
Mixed beverage sales	9,159,077	10,239,843	10,276,007	36,164
Total sales	<u>50,000,218</u>	<u>55,900,218</u>	<u>56,097,641</u>	<u>197,423</u>
Non-operating revenues:				
Interest income	400	782	1,230	448
Other income (expense)		88,000	(444,374)	(532,374)
Total revenues	<u>50,000,618</u>	<u>55,989,000</u>	<u>55,654,497</u>	<u>(334,503)</u>
<b>EXPENDITURES:</b>				
Total Taxes based on revenue:				
State excise tax	10,648,912	11,909,610	12,165,214	(255,604)
Mixed beverage tax (Revenue)	623,178	696,955	711,913	(14,958)
Mixed beverage tax (Human Resources)	62,318	69,695	71,191	(1,496)
Rehabilitation tax	110,642	123,740	126,396	(2,656)
Total taxes based on revenue	<u>11,445,050</u>	<u>12,800,000</u>	<u>13,074,714</u>	<u>(274,714)</u>
Cost of goods sold	<u>26,000,113</u>	<u>29,068,000</u>	<u>28,750,469</u>	<u>317,531</u>
<b>OPERATING EXPENSES:</b>				
Personnel expenses	4,288,141	4,381,071	4,305,528	75,543
Facilities expenses	685,629	566,279	500,864	65,415
Supplies and materials	402,110	332,114	293,749	38,365
Contract/professional services	219,979	181,687	160,699	20,988
Repairs and maintenance	487,351	402,517	356,019	46,498
Credit card fees	974,891	805,190	712,176	93,014
Travel, training and development	20,655	17,060	15,089	1,971
Other operating expenses	270,545	223,450	197,638	25,812
Miscellaneous-contingency				
Total operating expense	<u>7,349,301</u>	<u>6,909,368</u>	<u>6,541,762</u>	<u>367,606</u>
Capital Outlay	<u>2,700,952</u>	<u>3,301,289</u>	<u>3,182,421</u>	<u>118,868</u>
Total expenditures	47,495,416	52,078,657	51,549,366	529,291

(Continued)

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
(A Component Unit of Durham County Government)  
Reconciliation of Budget to Actual  
June 30, 2022

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>DISTRIBUTIONS:</b>				
Law Enforcement	\$ 692,628	\$ 644,000	\$ 643,261	\$ 739
Alcohol education/rehabilitation	232,821	303,893	387,828	(83,935)
County and Municipal	2,235,670	2,778,000	2,777,778	222
Total distributions	<u>3,161,119</u>	<u>3,725,893</u>	<u>3,808,867</u>	<u>(82,974)</u>
Total expenditures and distributions	50,656,535	55,804,550	55,358,233	446,317
Revenues over (under) expenditures	(655,917)	184,450	296,264	111,814
Other financing sources (uses):				
Working capital retained	<u>655,917</u>	<u>(184,450)</u>	<u>                    </u>	<u>                    </u>
Revenues over expenditures and other financing uses	<u>\$</u>	<u>\$</u>	<u>\$ 296,264</u>	<u>\$ 111,814</u>
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Reconciling Items:				
Depreciation and amortization			\$ (802,268)	
Capital outlay			<u>3,182,421</u>	
Total			<u>2,380,153</u>	
Change in Net Position			<u>\$ 2,676,417</u>	



