Approved
~~Robinson:~~ ________
Jones: ________
Pearsall: ________
Brewer: ________

MINUTES
BREVARD ABC BOARD
June 24, 2021

The Brevard ABC Board met in regular session on Thursday, June 24, 2021 at 8:30 a.m. in the Council Chambers at City Hall.

Members Present:	Jack Jaisler, Chair Tim Robinson Kevin Jones Frank Pearsall Ron Brewer
Members Absent:	None
Staff Present:	Mark Balding, ABC General Manager Jackie Jarvis, Assistant Store Manager

A. Welcome & Call to Order

B. Quorum

Board Chair Jack Jaisler called the meeting to order at 8:30 a.m. and a quorum was noted.

C. Approval of Agenda

Motion by Mr. Jones, seconded by Mr. Robinson to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes

1. Minutes from Regular Session – May 27, 2021

Motion by Mr. Jones, seconded by Mr. Pearsall to approve the minutes of the Regular Session meeting on May 27, 2021 as presented. The motion carried unanimously.

E. Public Hearing

1. ABC FY2022 Proposed Budget

Mr. Balding presented the proposed budget for FY2022 and noted that there were no changes from what was reviewed and approved at the last meeting.

Mr. Jaisler opened the public hearing at 8:36 AM. No members of the public were present and the hearing was closed at 8:36 AM.

F. New Business

1. Manager's Report / Sales Update

Mr. Balding noted that Mr. Robinson is finishing up a 6-year tenure on our Board and thanked him for his service and stability.

Mr. Balding reported that May sales were flat and only up 5%. However, due to extra inventory, the Board spent approximately $16,000 more than we took in. He noted that we are battling a lot of supply chain shortages so he is stocking up on some items as they become available. He reported that YTD profit is at 8.9% and he is hoping to finish the year at 10%. He said that June is bouncing back and as of today is up approximately $40,000 over last June. Mixed beverage sales in May were up $47,923 over last May.

Mr. Balding updated on the ongoing capital outlay projects at the downtown store. The project has been done in phases to minimize downtime and the final phase will start when we close the store Saturday night at 9:00 pm. He said we will be working around the clock and he feels that the store will need to be closed on Monday and Tuesday.

Mr. Balding noted that with the start of a new fiscal year, we need to nominate a Board Chair for next year. The nomination then needs to be sent to City Council for approval and appointment. Motion by Mr. Jaisler, seconded by Mr. Robinson to nominate Kevin Jones as ABC Board Chair. The motion carried unanimously.

2. Review, Approve and Adopt Proposed Budget for FY22

Motion by Mr. Jones, seconded by Mr. Pearsall to approve the FY22 Budget as presented. The motion carried unanimously. A copy of the approved FY2022 Budget is attached as Exhibit A.

3. Review and Approve FY21 Budget Amendment

Mr. Balding presented a FY21 Budget Amendment for the Board's review. Following review and discussion, Mr. Jones moved and Mr. Pearsall seconded to approve the FY2021 Budget Amendment. The motion carried unanimously. A copy of the approved FY21 Budget Amendment is attached as Exhibit B.

G. Unfinished Business

1. Review and Approve Accountant's Report for May, 2021

Motion by Mr. Jones, seconded by Mr. Robinson to table this item until the next meeting. The motion carried unanimously.

2. Review and Approve Reconciliation and Bank Statement for May, 2021

Motion by Mr. Pearsall, seconded by Mr. Jones to approve the reconciliation and bank statement for May 2021. The motion carried unanimously.

H. Set Date for Next Meeting

The Board decided to cancel the meeting for July. Motion by Mr. Jones, seconded by Mr. Jaisler to set the date for the next meeting for Thursday, August 26, 2021 at 8:30 AM. The motion carried unanimously.

I. Adjourn

There being no further business the meeting adjourned at 9:22 AM.

Next regular meeting: The next meeting will be ***Thursday, August 26, 2021 @ 8:30 a.m.***

Mark Balding, General Manager

Jack Jaisler, Chair

Minutes Approved: Aug 26th, 2021

Denise Hodsdon

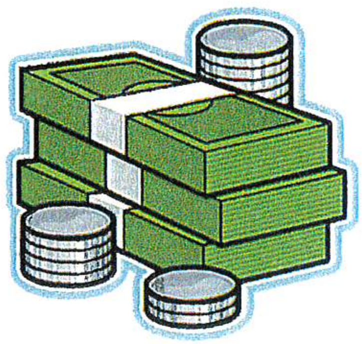
Denise Hodsdon, Executive Assistant

EXHIBIT A

Brevard

Alcoholic Beverage Control Board

FY2022



Board Members

Jack Jaisler – Board Chair

Tim Robinson

Kevin Jones

Frank Pearsall

Ron Brewer

General Manager

Mark Balding

EXHIBIT A

Adopted Budget

Brevard ABC Board

Brevard, N.C. 28712

WHEREAS, the proposed budget for FY2021 was submitted to the Brevard ABC Board on May 27th, 2021 by the General Manager and filed with the City Clerk of Brevard and the N.C. ABC Commission on May 27, 2021.

WHEREAS, on June 24th, 2021, the Brevard ABC Board held a public hearing on the budget pursuant to G.S. 18B-702;

WHEREAS, on June 24th, 2021, the Brevard ABC Board adopted a budget making appropriations in such sums as the Board considers sufficient and proper in acccordance with G.S. 18B-702;

Budget Adopted on June 24th, 2021

Brevard ABC Board Chairperson

General Manager / Budget Officer

EXHIBIT A

Alcoholic Beverage Control Board
PO Box 1610 (828) 883-8128
Brevard, NC 28712 abcstore@comporium.net

Mark Balding

General Manager

Budget Statement

May 25th, 2021

Dear City and County Residents,

The annual budget for the upcoming fiscal year (July 1ST, 2021 thru June 30th, 2022) has been prepared in accordance with North Carolina General Statute 18B-702 "financial operations of local boards". 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 the Brevard ABC Board so we can continue our mission to effectively control the sale of alcoholic beverages while maximizing the financial contribution that we make to the community throughout the year. As you will see, this budget accomplishes those goals.

FY2021 Budget Overview

Revenue and Income

The budget projects revenue from liquor sales and other receipts to be $6,573,700. Coming off one of the most challenging times in our history, which saw record sales in the midst of the lockdown for the COVID pandemic, we are well positioned to remain very strong from a profitability standpoint in FY22. Although, we anticipated a flattening of the growth curve, we are still seeing increased sales growth in comparison to record months this past year, but we do forecast a slowing of sales compared to the record year we are coming off of. Based on this, we still feel confident that a projected sales increase of 10% is attainable in the upcoming fiscal year.

EXHIBIT A

Profit Distributions

After all the expenses required to meet the needs of the business, our estimated profit will be $688,788 before profit distributions. North Carolina ABC statutes require that the Brevard ABC Board distribute specific percentages of profits to the general funds of the City of Brevard and Transylvania County. This budget reflects $200,000 of the board's profit going to the city and $66,666 to the county. 5% of this profit is required by State Statutes to go to law enforcement and up to 5% can be expended toward alcohol education per Brevard's Appointing Authority. As we continue to support the ABC Commission's "Talk it Out" campaign in our effort to eliminate under age drinking, this budget sets aside $12,000 for this initiative. We have also agreed on a new law enforcement contract for the upcoming year, which will keep our enforcement within the city and county through the Transylvania County Narcotics Task Force. We are excited to keep this in place. Remaining profits generated by the board will be directed to the board's cash working capital.

Human Resources / Staffing Levels

As we incurred record sales growth in FY2021, the need to add additional staffing was required. Last year's budget included 12 part-time and 2 full-time employees. As the year progressed, we had to react accordingly in adjusting our manpower to handle record sales. Going into the FY2022 budget year, the board will consist of 16 part-time and 2 full-time employees. This has obviously increased our labor costs and has resulted in a fairly significant adjustment in last years budget. This budget adds an additional $95,000 increase in wages versus the underestimated wages in FY21 of $370,500. All wages including board member per diem are projected to be $465,500. It should be noted that the ABC Board approved a wage increase of $1.00 per hour in support of the county's Living Wage Coalition that sets the rate at $13.00 per hour. Entry level pay for part-time employees has been raised from $12.24 an hour to $13.25 an hour. The need to move a full-time Sales Clerk to a position supporting all inventory activities between both stores is part of this budget's wage increase.

EXHIBIT A

This outlines our proposed budget. The Board and Staff of the Brevard ABC Board appreciate the opportunity to serve the City of Brevard and Transylvania County.

Sincerely,

6/24/2021

Mark Balding　　　　　　Date

General Manager

Jack Jaisler

ABC Board Chairperson　　　　　　Date

EXHIBIT A

BREVARD ABC BOARD

Budget Document

Fiscal Year 2022

The following budget establishing revenues and setting expense appropriations is hereby adopted and effective July 1, 2021 through June 30th, 2022.

Section 1. Estimated Revenues. It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2021 and ending June 30, 2022, to meet the operational and functional appropriations as set forth in Section 2, in accordance with the chart of accounts prescribed by the state ABC Commission.

Estimated Revenues:	
Sales (based on 10% increase)	$6,573,600
Other Income	$100
Total	$0
	$6,573,700

Appropriations:	
Taxes Based on Revenue	$1,511,951
Cost of Goods Sold	$3,484,061
Total	**$4,996,012**

Operating Expenses	**Total**
Salaries & Wages / Board Per Diem	$465,500
Employer Payroll Taxes	$36,000
Retirement	$20,000
Rent/Lease	$105,000
Business Insurance	$55,000
Repairs & Maintenance Agreements	$16,000
Utilities / Phone / Internet	$30,000
Store & Office Supplies	$27,000
Travel Cost / ABC Truck	$3,000
Legal & Audit / CPA	$20,000
Education & Employee Training	$600
Dues & Subscriptions	$7,000
Bank & Credit Card Fees	$85,000
License & Vehicle Tax	$300
Miscellaneous /Contingency Funds	$13,500
Total	**$883,900**
Capital Outlay	$5,000
Total Estimated Expenses	**$5,884,912**
Operating Income	**$688,788**

EXHIBIT A

Distributions:

City	$ 200,000.00
County	$ 66,666.00
Law Enforcement	$ 26,000.00
Alcohol Education & Rehab.	$ 12,000.00
Total Distributions	$304,666
Working Capital Retained	$384,122
Total Expense, Distribution & Reserve	**$6,573,700**

Section 3. Copies of this Budget Document shall be furnished to the [appointing authority], the state ABC Commission, and to the Budget Officer and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Board Chair **General Manager**

Adopted by the Brevard ABC Board on 6 / 24 / 2021

EXHIBIT B

BREVARD ABC EST. in 1967

Alcoholic Beverage Control Board
PO Box 1610 (828) 883-8128
Brevard, NC 28712 abcstore@comporium.net

Mark Balding

General Manager

Amended Budget Statement

June 17th, 2021

Revenue and Income

Although FY21 offered challenges due to the National Pandemic, sales are exceeding budget by roughly 13.2% ($713,000). Variable costs associated with sales are also higher. Taxes on product exceed budget by $163,985. Cost of goods exceed estimated amount by $255,876. Cost of goods as a percentage of sales will be lower than the 54% predicted because Management aggressively purchased inventory when on sale.

Human Resources / Staffing Requirements / Wages

Wages to support record sales resulted in a significant increase in wages versus what was budgeted. Wages were up roughly $74,000. Included in the increase was a $1.00 an hour increase for all part-time employees. This brought the board in-line with the county's living wage initiative of $13.00 per hour. Also included in the increase was $9000.00 in COVID related bonus's, $18,000 in performance bonus payouts and the addition of a sales clerk to perform daily inventory counts at both stores.

Expenses

Credit Card / Office Supplies

Credit card expenses are a function of sales and are running $16,000 more than forecast. Office supplies are similarly driven higher by sales, but also include masks and other COVID supplies.

Missed FL-941 Payroll Payments

Notification from the I.R.S. indicated that we had missed (5) FL 941 payroll filings since 2018. This can occur when doing a payroll and failing to file the taxes on-line at that time. To bring all filings up to date for the last 3 years, a total of $18,273.77 was paid. The board's employees have implemented corrective action to insure this issue does not occur again.

Newly Projected Operating Expense

As the FY21 profit picture continued to improve, we took the opportunity to make store improvements this year rather than postponing them further. Even with this capital expense, operating income is projected at $150,000 more than originally forecast. Finally, with improved operating income of $701,098 versus forecast of $551,410, profit distributions were increased from $200,000 to $266,666 for city and county. After all adjustments, our revised budget anticipates funds retained to be $397,432 up from original forecast of $315,910.

Thank You,

6/24/2021

Mark Balding
General Manager

Date

Jack Jaisler

6/24/21

ABC Board Chairperson

Date

EXHIBIT B

FY21 Adopted Budget	2021 Budget	Difference	FY21 Amended Budget	2021 Budget
Estimated Revenues:			**Estimated Revenues:**	
Retail Sales / Forcasting 10% Increase	$ 5,387,023	$ 712,977	Retail Sales	$ 6,100,000
Other Income	$ 100	$ -	Other Income	$ 100
Total Revenue	$ 5,387,123	$ 712,977	**Total Revenue**	$ 6,100,100
Appropriations:			**Appropriations:**	
Taxes Based on Revenue (23%)	$ 1,239,038	$ 163,985	Taxes Based on Revenue (23%)	$ 1,403,023
Cost of Goods Sold: (54%)	$ 2,855,175	$ 255,876	Cost of Goods Sold: (51%)	$ 3,111,051
Total:	$ 4,094,213	$ 419,861	**Total:**	$ 4,514,074
Operating Expenses			**Operating Expenses**	
Wages / Board Member Per Diem	$ 370,500	$ 74,000	**Wages / Board Member Per Diem**	$ 444,500
Employer Payroll Tax	$ 28,800	$ 3,200	**Employer Payroll Tax**	$ 32,000
Retirement	$ 14,400	$ -	**Retirement**	$ 14,400
Rent/Lease	$ 104,500	$ (3,935)	**Rent/Lease**	$ 100,565
Business Insurance	$ 55,000	$ (3,000)	**Business Insurance**	$ 52,000
Repairs & Maintenance Agreements	$ 17,000	$ (1,000)	**Repairs & Maintenance Agreements**	$ 16,000
(CDS, Cintas, McCall's Tech, Pye-Barker			(CDS, Cintas, McCall's Tech, Pye-Barker	
Utilities / Phone / Internet	$ 25,000	$ 4,200	**Utilities / Phone / Internet / Verizon**	$ 29,200
Store and Office Supplies	$ 22,000	$ 11,500	**Store and Office Supplies**	$ 33,500
Travel Costs / ABC Truck - Employees	$ 3,000	$ (2,100)	**Travel Costs / ABC Truck - Employees**	$ 900
Legal / Audit / CPA	$ 19,000	$ 500	**Legal / Audit / CPA**	$ 19,500
(Carland & Andersen, Gray & Molis,			(Carland & Andersen, Gray & Molis	
Education & Employee Training	$ 1,500	$ (900)	**Education & Employee Training**	$ 600
Dues and Subscriptions	$ 7,000	$ -	**Dues and Subscriptions**	$ 7,000
(League of Municipalities, N.C. ABC Assoc,			(League of Municipalities, N.C. ABC Assoc,	
Brevard Chamber, Sirius, Quickbooks)			Brevard Chamber, Mood, Quickbooks)	
Bank and Credit Card Charges	$ 60,000	$ 16,000	**Bank and Credit Card Charges**	$ 76,000
Miscellaneous / Contingency	$ 13,500	$ (13,500)	**Miscellaneous / Contingency**	$ -
		$ 18,274	**Missed 941 Filings / Disputed Filings**	$ 18,274
License and Vehicle Tax	$ 300	$ -	**License and Vehicle Tax**	$ 300
Total Operating Expense	$ 741,500	$ 103,239	**Total Operating Expense**	$ 844,739
Capital Outlay / Store Interior	$ -	$ 163,240	**Capital Outlay / Store Interior**	$ 163,240
Total Estimated Expenses	$ 4,835,713		**Total Estimated Expenses**	$ 5,522,053
Operating Income	$ 551,410	$ 26,638	**Operating Income**	$ 578,047
Profit Distributions			**Profit Distributions**	
Law Enforcement	$ 23,500	$ 1,500	Law Enforcement	$ 25,000
Alcohol Education	$ 12,000		Alcohol Education	$ 12,000
Adjusted Profit	$ -		**Adjusted Profit**	$ -
City of Brevard	$ 150,000		City of Brevard	$ 200,000
Transylvania County	$ 50,000		Transylvania County	$ 66,666
Total:	$ 235,500		**Total:**	$ 303,666
Net Income / Funds Retained	$ 315,910		**Net Income / Funds Retained**	$ 274,381
Total Expense, Distribution & Reserve	$ 5,387,123	$ 712,977	Total Expense, Distribution & Reserve	$ 6,100,100