

MINUTES
BREVARD ABC BOARD
May 26, 2022

Approved
Jaisler: _____
Pearsall: _____
Brewer: <u>FB</u>
Mooney: <u>CM</u>

The Brevard ABC Board met in regular session on Thursday, May 26, 2022 at 8:30 a.m. in the Council Chambers at City Hall.

Members Present: Kevin Jones, Chair (via phone)
Jack Jaisler
Frank Pearsall
Ron Brewer
Carl Mooney

Members Absent: None

Staff Present: Mark Balding, ABC General Manager
Jackie Jarvis, Assistant Store Manager

A. Welcome & Call to Order

B. Quorum

Frank Pearsall called the meeting to order at 8:30 a.m. and a quorum was noted.

C. Approval of Agenda

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

D. Approval of Minutes

1. Minutes from Regular Session – April 28, 2022

Motion by Mr. Jaisler, seconded by Mr. Brewer to approve the minutes of the Regular Session meeting on April 28, 2022 as presented. The motion carried unanimously.

E. New Business

1. Manager's Report / Sales Update

Mr. Balding reported that April sales were \$510,646, which is up \$22,395 or 5% over last year. April percent profit was 9% and YTD profit is at 10%. Year to date sales are up 6% over FY21 and Mr. Balding said he hopes to finish the year at 7.5%. He reported that there is a lot of strong activity in mixed beverage sales with an increase of 33% over last year. The Downtown store is up \$258,786 and Pisgah Forest is up \$32,008 for the year.

Mr. Balding reported that we will begin offering the mixed beverage delivery service on July 1st. He is in the process of contacting mixed beverage customers and has spoken with some of the bigger accounts who have indicated that they are not planning to utilize the service right now.

Mr. Balding reported that the cooler installation has been completed at the Downtown Store. The Pisgah Forest store should be completed in the next two weeks. He said comments have been positive and sales of canned drinks are up.

Mr. Balding further reported that he took advantage of a special purchase of Tito's vodka and purchased 1680 bottles at a savings of \$3.00 per bottle, which will result in a total profit of \$5,040.

F. Review and Approve

1. FY2022 Budget Amendment

Mr. Balding presented an amendment to the FY2022 Budget (copy attached as Exhibit A). He explained that the projected revenue in the FY2022 Adopted Budget mistakenly included an increase of 20%, but should have only been 10%. The amendment corrects this error and forecasts revenue at \$6,050,500.

The amendment includes a line item for Repairs and General Maintenance, which had been omitted in error. The amount added was \$9,000. Repairs and Maintenance Agreements were forecast too low and have been adjusted up by \$8,000.

There is a wage adjustment due to unexpected inflation and salary increases. The adjustment to wages is \$6,500 and \$1,000 to payroll taxes.

Capital Outlay was increased by \$16,200 due to installation of coolers and additional expenses incurred with the Downtown store remodel.

Motion by Mr. Jaisler, seconded by Mr. Mooney to approve the FY22 Amended Budget. The motion carried unanimously.

2. FY2023 Proposed Financial Budget

Mr. Balding presented the proposed FY23 Budget for the Board's review (copy attached as Exhibit B). Mr. Jones noted that the FY23 budget has been reorganized. He explained that it includes a projected increase in sales of 5% above the adjusted number for FY22. Payroll expenses include a 6% increase over last year. Mr. Balding noted that distributions to the City and County are unchanged. Law Enforcement is 5% and Alcohol Education has been raised to the maximum allowable. Estimated Retained Profit after expenses and distributions is \$306,265.

During discussion, Mr. Mooney noted that credit card fees is budgeted at \$89,500 and asked if that expense could be passed on to the customer. Mr. Balding said he would have to check with the ABC Commission and Mr. Jones suggested taking a look at the State law as it pertains to uniform pricing. Motion by Mr. Jones, seconded by Mr. Jaisler to assign one or two board members to research the question and whether it makes sense in terms of customer satisfaction. The motion carried unanimously. Mr. Jaisler and Mr. Jones volunteered to do the research.

Motion by Mr. Jaisler, seconded by Mr. Brewer to approve the proposed budget as presented. The motion carried unanimously.

G. Unfinished Business

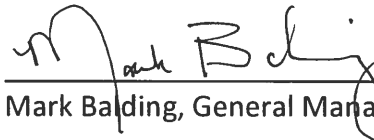
1. Review and Approve April Financial Report and Bank Statements

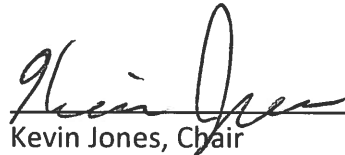
The financial reports for April 2022 were reviewed and circulated for signatures.

H. Adjourn

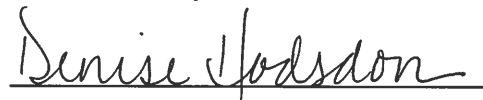
There being no further business the meeting adjourned at 9:13 AM.

Next regular meeting: The next meeting will be on **Thursday, June 23, 2022 at 8:30 a.m.**


Mark Balding, General Manager


Kevin Jones, Chair

Minutes Approved: June 23, 2022


Denise Hodsdon, Executive Assistant



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

Date: May 18th, 2022

Subject: FY22 Amended Budget Statement

Revenue and Income

The adopted budget outlined total revenue that far exceeded what should have been forecast. This figure was apparently derived by using net sales or a 20% forecast in increased sales versus a 10% increase, which would have been a mistake. The amendment corrects this error and forecasts revenue at \$6,050,500.

Human Resources / Wages

Unexpected inflation and regional salary increase's required higher than expected wages. Wage adjustment to budget is \$6,500 and \$1000 to payroll taxes.

Repairs and General Maintenance

This budget line item was omitted in error. Has been added to reflect \$9000.00.

Repairs and Maintenance Agreements

Repairs and maintenance agreements were forecast too low and have been adjusted up by \$8000.00.

Expenses / Capital Outlay

Additional expenses include \$6,200 for freight and shelving for last July's downtown remodel, which \$5000 was budgeted for. With the increase in the canned cocktail market and the Commission's approval to add coolers to enhance these sales, the Brevard ABC Board purchased 5 coolers. \$15,000 was added to this budget in additional capital outlay. (Total store enhancements \$21,200)

FY22 ADOPTED BUDGET

FY22 AMENDED BUDGET
EXHIBIT A

	2022	Difference		2022
Estimated Revenues:			Estimated Revenues:	
Retail Sales / Forecasting 10% Increase	\$ 6,573,600		Retail Sales	\$ 6,050,400
Other Income	\$ 100		Other Income	\$ 100
Total Revenue	\$ 6,573,700	\$ (523,200)	Total Revenue	\$ 6,050,500
Appropriations:			Appropriations:	
Taxes Based on Revenue (23%)	\$ 1,511,951		Taxes Based on Revenue (23%)	\$ 1,391,615
Cost of Goods Sold: (52%)	\$ 3,418,324		Cost of Goods Sold: (52%)	\$ 3,146,260
Total:	\$ 4,930,275		Total:	\$ 4,537,875
Operating Expenses			Operating Expenses	
Wages / Board Member Per Diem	\$ 465,500	\$ 6,500	Wages / Board Member Per Diem	\$ 472,000
Employer Payroll Tax	\$ 36,000	\$ 1,000	Employer Payroll Tax	\$ 37,000
Retirement	\$ 20,000		Retirement	\$ 20,000
Rent/Lease	\$ 105,000		Rent/Lease	\$ 105,000
Business Insurance	\$ 55,000		Business Insurance	\$ 55,000
Repairs & Maintenance Agreements (CDS, Cintas, McCall's Tech, Pye-Barker)	\$ 16,000	\$ 8,000	Repairs & Maintenance Agreements (CDS, Cintas, McCall's Tech, Pye-Barker)	\$ 24,000
Omitted in Adopted Budget		\$ 9,000	Repairs and General Maintenance	\$ 9,000
Utilities / Phone / Internet	\$ 30,000		Utilities / Phone / Internet / Verizon	\$ 30,000
Store and Office Supplies	\$ 27,000		Store and Office Supplies	\$ 27,000
Travel Costs / ABC Truck - Employees	\$ 3,000	\$ (1,000)	Travel Costs / ABC Truck - Employees	\$ 2,000
Legal / Audit / CPA	\$ 20,000		Legal / Audit / CPA	\$ 20,000
Education & Employee Training	\$ 600		Education & Employee Training	\$ 600
Dues and Subscriptions	\$ 7,000	\$ (2,000)	Dues and Subscriptions	\$ 5,000
Bank and Credit Card Charges (League of Municipalities, N.C. ABC Assoc, Brevard Chamber, Sirius, Quickbooks)	\$ 85,000		Bank and Credit Card Charges (League of Municipalities, N.C. ABC Assoc, Brevard Chamber, Mood, Quickbooks)	\$ 85,000
Capital Outlay	\$ 5,000	\$ 16,200	Capital Outlay	\$ 21,200
License and Vehicle Tax	\$ 300		License and Vehicle Tax	\$ 300
Miscellaneous / Contingency	\$ 13,500	\$ (13,300)	Miscellaneous / Contingency	\$ 200
Total Operating Expense	\$ 888,900		Total Operating Expense	\$ 913,300
	\$ -			
Total Estimated Expenses	\$ 5,819,175		Total Estimated Expenses	\$ 5,451,175
Operating Income	\$ 754,525		Operating Income	\$ 599,325
Profit Distributions			Profit Distributions	
Law Enforcement	\$ 23,500		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	\$ 519,025		Net Income / Funds Retained	\$ 295,659
Total Expense, Distribution & Reserve	\$ 6,573,700		Total Expense, Distribution & Reserve	\$ 6,050,500



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

Date: May 20th, 2022

Subject: FISCAL YEAR 2022-2023 FOR BREVARD ABC BOARD

Total Revenue / Sales: Attached is the projected budget for next fiscal year. We estimate a 5% increase in sales (could be greater volume or price increase or both) of \$6,352,500. Taxes are projected at 23% of sales (\$1,461,075) and Cost of Goods Sold at 52% (\$3,303,300). Currently our credit card charges are tracking at 1.4% of sales so we project \$88,935. After these expenses, **Gross Profit** is projected at **\$1,498,625**

Human Resources: The Brevard ABC Board consists of (5) Board Members, (2) Full-Time employees and (15) Part-Time employees.

Expenses Related to Wages and Salaries: We have factored a 6% increase going from \$472,000 from current year to \$500,320 for FY23. At 7.65%, payroll taxes increase to \$38,274. Retirement funding remains at last year's level of \$20,000. Total for this category is **\$558,594**. Gross profit after Expenses related to wages is **\$940,031**.

EXPENSES RELATED TO BUILDING, TRUCK, AND UTILITIES: Rent for both stores is contracted at \$111,000 total. Utilities we are estimating at the same of \$30,000. Maintenance agreements is being forecast \$24,000, up slightly from last year. General repairs are unpredictable and we feel \$12,000 is needed for that line item. Truck expense will increase as we offer delivery service, but we do not expect that much initially- raise truck expense from \$3,000 to \$6,000. All insurance in Fiscal year 2021-2022 is estimated at \$55,000 and we raise it this year to \$60,000 as inflation should hit the insurance industry. We do not plan for new capital outlays, but in the past two years we have had opportunities occur outside the budget. We add a line item for Capital outlay of \$7,500. We include a contingency fund of \$15,000 in this group. Total for the group is **\$258,000**. Gross profit after Wages and Building is **\$682,031**.

Interior Expenses Related To Supplies And Other Services: Office supplies at \$27,000 is the same as last year and should be adequate. Professional services, mostly audit and bookkeeping, remain at previous year's levels. Employee training, Travel, Membership dues and subscriptions remain the same. Total for the Category is **\$54,600**. Total Income After Expenses: **\$619,931**.

How Do We Distribute Profit? We plan to keep the contributions to The City of Brevard (\$200,000) and Transylvania County (\$66,666) the same. Because our gross profit rises to \$622,000 then the 5%, we contribute to law enforcement rises to \$32,000. Our local police are looking at new alcohol education programs so we increase that line item from \$12,000 to \$15,000. **These distributions total \$331,666.**

Retained Profit For FY2023: **\$306,265.**

Respectfully Submitted,

Kevin Jones

ABC Chairperson

Mark Balding

General Manager



Alcoholic Beverage Control Board
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 Brevard, NC 28712 abcstore@comporium.net

FY2023 BREVARD ABC BOARD BUDGET

The annual budget for upcoming fiscal year FY2023 (July 1st, 2022 thru June 30th, 2023) has been prepared in accordance with North Carolina General Statute 18B-702 "financial operations of local boards". 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 and responsibly control the sale of alcoholic beverages while maximizing the financial contribution we make to the community throughout the year. As you will see, this budget accomplishes those objectives.

	<i>Total Revenue / Sales</i>	
Sales	\$	6,352,500
State Taxes	\$	1,461,075
Cost of Sales	\$	3,303,300
Credit Card Fees	\$	89,500
Total tax and COGS	\$	4,853,875
Gross Profit	\$	1,498,625
	<i>Employee Expenses</i>	
Wages and Salaries	\$	500,320
Payroll Taxes	\$	38,274
Retirement funding	\$	20,000
Total Employee Expenses	\$	558,594
Gross Profit minus Wages	\$	940,031
	<i>Building and Utilities</i>	
Rent	\$	111,000
Utilities	\$	30,000
Maintenance Agreements	\$	24,000
General Repairs	\$	12,000
Truck Expense	\$	6,000
Contingency fund	\$	15,000
Insurance-all	\$	60,000
Total Building	\$	258,000
Gross Profit minus Wages and Building	\$	682,031

Interior Expense

EXHIBIT B

Store and Office	\$	27,000
Professional Services	\$	20,000
Employee training	\$	600
Travel	\$	2,000
Dues and Subscriptions	\$	5,000
Capital Outlay	\$	7,500
Total Interior	\$	62,100
Gross profit	\$	619,931

Total Profit \$ **619,931**

<i>Distribution of Profit</i>		
Distribution to City	\$	200,000
Distribution to County	\$	66,666
Law Enforcement	\$	32,000
Alcohol Education	\$	15,000
Total Distributions		313,666.00
Retained Profit	\$	306,265

Proposed Budget Approved by ABC Board on May 26th, 2022

ABC Board Chairperson

ABC Board General Manager

