

**MINUTES  
BREVARD ABC BOARD  
May 23, 2018**

<b>Approved</b>	
Riecke:	<u>WRB</u>
Dinkins:	<u>[Signature]</u>
Jaisler:	<u>[Signature]</u>
Crite:	_____

The Brevard ABC Board met in regular session on Wednesday, May 23, 2018 at 8:30 a.m. in the City Hall Council Chambers.

Members Present: Mark Balding, ABC General Manager  
Tim Robinson, Chair  
Jack Jaisler  
Geraldine Dinkins  
William Riecke  
Eric Crite

Absent: None

Staff Present: Denise Hodsdon, Executive Assistant

Special Guests: None

**Welcome & Introduction**

Mr. Robinson called the meeting to order at 8:38 a.m. and a quorum was noted.

**Approval of Agenda**

Motion by Dr. Riecke, seconded by Mr. Crite, to approve the agenda as presented. Motion carried unanimously.

**Approval of Minutes**

Motion by Mr. Jaisler, seconded by Mr. Crite to approve the minutes from the April 25, 2018 meeting as presented. Motion carried unanimously.

**Manager's Report / Present and Review FY2019 Budget**

Mr. Balding reported that there were no ABC Law violations in April and there were a total of nine violations away from permitted establishments for controlled substances and other offenses. April was a solid month with total revenues at \$296,532 and profit of 6.85%.

Mr. Balding informed the Board that the current year's budget will require an amendment because we did approximately \$225,000 more in revenue. He will prepare the budget amendment for the Board to review and approve at the budget hearing.

Mr. Balding presented the proposed FY2018-2019 Budget for the Board's review and noted that it includes a 5% increase in revenue over last year's budget and estimated retained working capital funds of \$141,395. Mr. Balding reviewed and explained each of the operating expense line items. He noted that he reduced the proposed budget for store and office supplies because he is looking at a different vendor for bags which will provide a significant savings. There was discussion about whether to switch from paper bags to plastic bags and some Board members suggested that a reusable bag might be a good option to offer customers. There was consensus to hold off on switching to plastic bags for now and the Board agreed to table further discussion of sales bags until a future meeting.

Mr. Balding noted that employees have not had a cost of living adjustment in over 7 years. Based on current economic conditions and the lack of a COLA over this extended period of time, he feels that an adjustment is warranted at this time. He reviewed what other boards have done the last several years and what the City of Brevard has done during the same time period. Based on his findings, he has included a 5% COLA for employees in the proposed FY2018-2019 budget. Following discussion, Mr. Jaisler moved and Ms. Dinkins seconded to approve the 5% COLA for ABC employees in the proposed budget. Motion carried unanimously.

Mr. Balding noted that the Board is required to hold a public hearing on the proposed budget and public notice must be given at least 10 days prior to the hearing. The public hearing will be held on June 27th and he will prepare and publish the required notice.

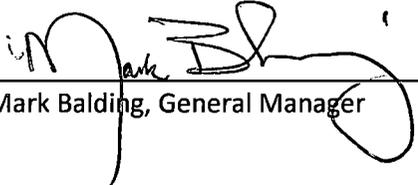
#### **Accountant's Report**

The accountant's report and reconciliation and bank statement for April, 2018 were approved and circulated for signatures.

#### **Adjourn**

There being no further business, Mr. Jaisler moved and Ms. Dinkins seconded to adjourn the meeting at 10:17 a.m. Motion carried unanimously.

**Next regular meeting: Wednesday, June 27, 2018 @ 8:30 a.m.**

  
\_\_\_\_\_  
Mark Balding, General Manager

  
\_\_\_\_\_  
Tim Robinson, Chair

  
\_\_\_\_\_  
Denise Hodsdon, Executive Assistant

Minutes Approved: June 27<sup>th</sup>, 2018



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

Mark Balding

General Manager

### **Budget Statement**

May 21<sup>st</sup>, 2018

### **Dear City and County Residents,**

The annual budget for the upcoming fiscal year ( July 1, 2018 through June 30, 2019) 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.

### **FY2019 Budget Overview**

#### **Revenue and Income**

The budget projects revenue from liquor sales and other receipts to be \$4,097,758. These projections are based on an expected sales increase of 5%, which reflect both the current trends and strategic observations.

#### **Profit Distributions**

After a many years passing along the maximum allowable profit distribution to the city and county, the Brevard ABC Board is making changes to the FY2019 budget. All ABC Boards across the state are allowed to retain a calculated amount of working capital. The Brevard Board has been operating at the bottom 1/3 of allowable working capital and feels the time is perfect to start retaining more cash money on hand, thus cutting the profit payouts to the city and county. After members of the ABC Board met with Jim Fatland, Brevard City Manager, a figure was negotiated that would still allow substantial profits to be distributed to the city and county, but would also allow the board to start building the allowable working capital to best meet the board's

needs in the future, should the board want to purchase land and or build a new ABC Store. Both retail locations currently operated by the board are not owned by the board, but are leased. Going forward, the set amount of profit to be distributed based on our current financial position will be \$150,000 to the city and \$50,000 to the county. Additional profits realized will be directed to cash working capital. Currently based on sales numbers, the allowable working capital for the Brevard Board is approximately \$700,000. This will be monitored closely to insure we are operating in compliance with State Statutes. Approximately 5% of calculated profits must go to alcohol law enforcement (\$16,867) and the appointing authority allows up to 5% of profits to go toward alcohol education. The board has budgeted \$10,000 dollars for education.

### **Human Resources / Employee Compensation**

The Brevard ABC Board operates two retail outlets and employees 11 people (3 full-time and 8 part-time employees). Additional employee compensation in the upcoming budget is based on a "Pay for Performance" only basis and reflects additional funds for this employee performance incentive plan. In past years, the ABC Board has approved cost of living adjustments for it's employees and has often patterned these adjustments based on what the City of Brevard has awarded it's employees. The ABC Board has not given a cost of living adjustment in over 7 years. Probably much of the reasoning behind no adjustment was the board not being approached by the board's General Manager. In defense of my decision not to approach the board about a cost of living adjustment, we had just opened a second retail outlet in 2013 just before I became General Manager and for approximately 2 years our profit distributions were off approximately 30%. With profits down, making a request for a cost of living adjustment didn't seem like the fiscal thing to do at the time. That has since changed as revenues continue to increase year over year and the state of our business is strong from a financial standpoint. Based on the current economic conditions and the lack of a cost of living adjustment over this extended period of time, I feel an adjustment is warranted at this time and is reflected in this budget (5% COLA). The 5% increase was based on a review of what other board's have done the last several years and by obtaining what our city has done during the same time period. Since 2013, the city has granted cost of living adjustments totally 6.5% for it's employees. The 5% adjustment should bring us more in line with what other employers have done the last 5 years. There are actually some cost cutting initiatives in this budget to offset much of the 5% increase. The Brevard ABC Board is made up of 5 members who are appointed by City Council.

**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,

\_\_\_\_\_  
Mark Balding  
General Manager

\_\_\_\_\_  
Date

Tim Robinson

\_\_\_\_\_  
ABC Board Chairperson

\_\_\_\_\_  
Date

# Proposed FY2018-2019 Budget

<b>Estimated Revenues:</b>		
<i>Retail Sales/Forecasting 5.0% Increase</i>	\$	4,097,658
<i>Other Income</i>	\$	100
<b>Total Revenue</b>	<b>\$</b>	<b>4,097,758</b>
<b>Appropriations:</b>		
Taxes Based on Revenue (23%)	\$	942,484
Cost of Goods Sold: (53%)	\$	2,171,812
<b>Total:</b>	<b>\$</b>	<b>3,114,296</b>
<b>Operating Expenses:</b>		
Wages	\$	304,000
Board Member Per Diem	\$	10,500
Employer Payroll Tax	\$	26,000
Retirement	\$	16,000
Rent/Lease	\$	59,000
Business Insurance	\$	62,000
Repairs & Maintenance Agreements <i>(CDS, Cintas, McCall's Tech, Pye-Barker)</i>	\$	14,200
Utilities / Phone / Internet	\$	21,000
Store and Office Supplies	\$	15,000
Travel Costs / ABC Truck - Employees	\$	3,000
Legal / Audit / CPA <i>(Carland &amp; Andersen, Gray &amp; Molis)</i>	\$	16,000
Education & Employee Training	\$	1,500
Dues and Subscriptions <i>(League of Municipalities, N.C. ABC Assoc, Brevard Chamber, Sirius, Quickbooks)</i>	\$	2,200
Bank and Credit Card Charges	\$	48,000
Miscellaneous / Contingency	\$	13,500
License and Vehicle Tax	\$	300
Capital Outlay / Store Interior	\$	3,000
<b>Total Operating Expense</b>	<b>\$</b>	<b>615,200</b>
<b>Total Estimated Expenses</b>	<b>\$</b>	<b>3,729,496</b>
Operating Income	\$	368,262
Profit Distributions		
Law Enforcement	\$	16,867
Alcohol Education	\$	10,000
City of Brevard	\$	150,000
Transylvania County	\$	50,000
<b>Total:</b>	<b>\$</b>	<b>226,867</b>
Funds Retained for Working Capital	\$	141,395
<b>Total Expense, Distribution &amp; Reserve</b>	<b>\$</b>	<b>4,097,758</b>