

**MINUTES**  
**BREVARD ABC BOARD**  
**June 27, 2018**

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

*JCR*

The Brevard ABC Board met in regular session on Wednesday, June 27, 2018 at 8:30 a.m. in the City Hall Council Chambers.

- Members Present:** Geraldine Dinkins  
Jack Jaisler  
William Riecke
- Absent:** Tim Robinson, Chair  
Eric Crite
- Staff Present:** Mark Balding, ABC General Manager  
Denise Hodsdon, Executive Assistant
- Special Guests:** George Peterson, Tannery Skate Park Committee  
Kristen Gentry, C.A.R.E. Coalition

- A. Welcome & Call to Order**
- B. Quorum**

Ms. Dinkins called the meeting to order at 8:37 a.m. and a quorum was noted.

- C. Approval of Agenda**

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

- D. Approval of Minutes**

Motion by Dr. Riecke, seconded by Mr. Jaisler to approve the minutes from the May 23, 2018 meeting as presented. Motion carried unanimously.

- E. Public Hearing – ABC FY2019 Proposed Budget**

There were no members of the public present for the public hearing. Mr. Balding noted that the Board had approved the proposed budget at its meeting in May and there have been no changes in the numbers presented for the hearing, but he did add more information to the Budget Statement.

- F. New Business**

- 1. Review, Approve and Adopt FY2019 Budget**

Motion by Dr. Riecke, seconded by Mr. Jaisler to approve and adopt the FY2019 Budget for

the ABC Board. Motion carried unanimously. A copy of the approved budget is attached as Exhibit A.

**2. Review, Approve and Adopt FY2018 Budget Amendment**

Mr. Balding explained that actual total revenues for FY2018 were higher than projected. He prepared an amendment to reflect the increase in revenue, thus effecting taxes, cost of goods and profit. He explained that funds were transferred from budget line items with projected surpluses to cover line items with projected shortages. Motion by Mr. Jaisler, seconded by Dr. Riecke to approve the Budget Amendment for the FY2018 Budget. Motion carried unanimously. A copy of the approved Budget Amendment is attached as Exhibit B.

**3. Board Member Geraldine Dinkins will Present an Update to Meeting Attendees on Proposed City Skate Park**

Board member Geraldine Dinkins presented to the Board some additional facts and information regarding the proposed Tannery Skate Park. The Tannery Skate Park Committee is conducting a fundraising drive to fund the building of the park. Ms. Dinkins then introduced George Peterson of the Tannery Skate Park Committee who made a short presentation about the proposed park. After further discussion, Board members agreed that this park could become a desirable venue to conduct future activities to further educate our young people about the adverse effects of alcohol use and underage drinking. Motion by Mr. Jaisler, seconded by Dr. Riecke to provide funding for the proposed skate park project from the board's designated alcohol education fund as follows: \$4,000.00 from the FY2018 budget and an additional \$6,000.00 from the FY2019 budget. The motion carried unanimously.

Kristen Gentry of C.A.R.E. Coalition also presented to the Board some of C.A.R.E.'s past and on-going activities in support of the Board's alcohol education initiatives. In response to Kristen's report, Mr. Jaisler moved and Dr. Riecke seconded to approve the distribution of \$4000.00 from the FY2019 budget to support upcoming activities planned to address underage drinking in our county and city. The motion carried unanimously.

**G. Unfinished Business**

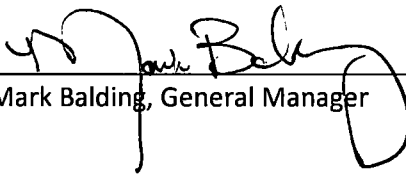
- 1. Review and Approve Accountant's Report for May, 2018**
- 2. Review and Approve Reconciliation and Bank Statement for May, 2018**

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

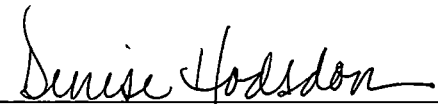
**H. Adjourn**

There being no further business the meeting was adjourned at 9:35 a.m.

**Next regular meeting:** Effective 7/25/2018 ABC Board meetings will be conducted on the 4<sup>th</sup> Thursday of every month instead of the 4<sup>th</sup> Wednesday of each month. Meeting start time will remain at 8:30 a.m. The next meeting will be **Thursday, July 26, 2018 @ 8:30 a.m.**

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

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

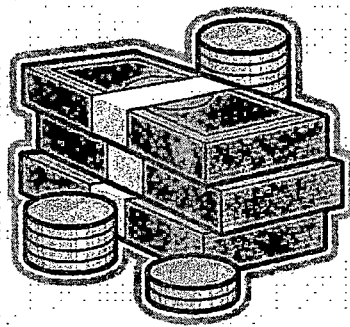
  
\_\_\_\_\_  
Denise Hodsdon, Executive Assistant

Minutes Approved: August 23, 2018

# Brevard

## Alcoholic Beverage Control Board

### FY2019 Budget



#### Board Members

**Tim Robinson, Chairperson**

**Geraldine Dinkins**

**Dr. William Reicke**

**Eric Crite**

**Jack Jaisler**

#### General Manager

**Mark Balding**



**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 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

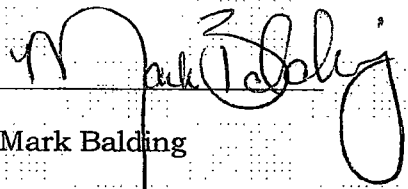
needs in the future, should the board want to purchase land and or build a new ABC Store. Both retail locations currently operated by the board are not owned by the board, but are leased. Going forward, the set amount of profit to be distributed, based on our current financial position will be \$150,000 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. Working jointly with the C.A.R.E. Coalition of Brevard, Brevard College's Criminal Justice Program students and Dr. Tim Powers and The Transylvania County Narcotics Task Force, the board feels we have made great strides over the past 3 years in our effort to eliminate underage drinking. The Brevard ABC Board also has a great interest in supporting a proposed skate park and educational venue for our young people. The park is in it's early stages of planning and fund raising efforts have just gotten underway.

#### **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,

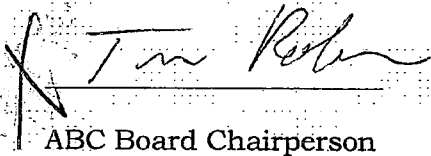


Mark Balding  
General Manager

6/27/2018

Date

Tim Robinson



ABC Board Chairperson

7-13-18

Date

# FY2019 Brevard ABC Board Budget

**Estimated Revenues:**

Retail Sales / Forcasting 5.0% Increase	\$	4,097,658
Other Income	\$	100
<b>Total Revenue</b>	<b>\$</b>	<b>4,097,758</b>

**Appropriations:**

Taxes Based on Revenue	\$	942,484
Cost of Goods Sold	\$	2,171,812
<b>Total:</b>	<b>\$</b>	<b>3,114,296</b>

**Operating Expenses**

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 (CDS, Cintas, McCall's Tech, Pye-Barker)	\$	14,200
Utilities / Phone / Internet	\$	21,000
Store and Office Supplies	\$	15,000
Travel Costs / ABC Truck - Employees	\$	3,000
Legal / Audit / CPA (Carland & Andersen, Gray & Molis)	\$	16,000
Education & Employee Training	\$	1,500
Dues and Subscriptions (League of Municipalities, N.C. ABC Assoc, Brevard Chamber, Sirius, Quickbooks)	\$	2,200
Bank and Credit Card Charges	\$	48,000
Miscellaneous / Contingency	\$	13,500
License and Vehicle Tax	\$	300
<b>Total Operating Expense</b>	<b>\$</b>	<b>612,200</b>

Capital Outlay / Store Interior	\$	3,000
<b>Total Estimated Expenses</b>	<b>\$</b>	<b>3,729,496</b>

Operating Income	\$	368,262
<b>Profit Distributions</b>		
Law Enforcement	\$	16,867
Alcohol Education	\$	10,000
<b>Adjusted Profit</b>	<b>\$</b>	<b>-</b>
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, Distributions &amp; Reserve</b>	<b>\$</b>	<b>4,097,758</b>



# Annual Proposed Budget

## Brevard ABC Board

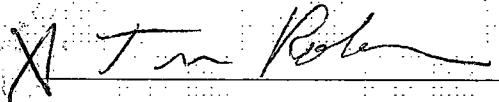
Brevard, N.C. 28712

WHEREAS, the proposed budget for FY2019 was submitted to the Brevard ABC Board on May 23<sup>rd</sup>, 2018 by the General Manager and filed with the City Clerk of Brevard and the N.C. ABC Commission on May 29<sup>th</sup>, 2018.

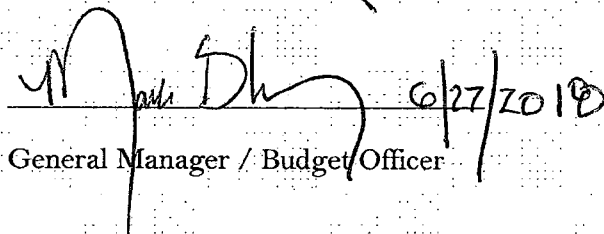
WHEREAS, on June 27<sup>th</sup>, 2018, the Brevard ABC Board held a public hearing on the budget pursuant to G.S. 18B-702;

WHEREAS, on June 27<sup>th</sup>, 2018, the Brevard ABC Board adopted a budget making appropriations in such sums as the Board considers sufficient and proper in accordance with G.S. 18B-702;

Budget Adopted on June 27<sup>th</sup>, 2018



Brevard ABC Board Chairperson



6/27/2018

General Manager / Budget Officer

## Budget Amendment

### Brevard ABC Board

FY2018

**Budget Amendment:** *This budget amendment has been prepared to reflect an increase in projected revenue, thus effecting taxes, cost of goods and profit. Transferred funds from budget line items with projected surplus's to cover line items with projected shortages in funds. Line items exceeding projected funding include store supplies, an increase in credit card expenses and working capital projects.*

	original budget	budget amendment	revised budget
<b>Estimated Revenues:</b>			
Revenues based on retail sales	3,514,500	3,951,731	3,951,731
Revenues reflecting actual sales	-		
Other Income	500	-	\$ -
<b>Total Revenues / Retail</b>	<b>3,515,000</b>	<b>3,951,731</b>	<b>3,951,731</b>
<b>Appropriations:</b>			
Taxes Based on Revenue	808,335	1,070,253	1,070,253
<b>Cost of Goods Sold:</b>	<b>1,792,395</b>	<b>1,944,012</b>	<b>1,944,012</b>
<b>Profits before operating expenses:</b>	<b>914,270</b>	<b>937,466</b>	<b>937,466</b>
<b>Operating Expenses:</b>			
Wages	290,000	(5,000)	285,000
Board Member Per Diem	11,250	(2,250)	9,000
Employer Payroll Tax	30,000	(5,500)	24,500
Retirement	17,000	(3,000)	14,000
Rent/Lease	55,000	(2,187)	52,813
Business Insurance	68,000	(7,000)	61,000
Repairs and Maintenance Agreements	19,000	(4,815)	14,185
Utilities / Phone / Internet	23,000	(1,000)	22,000
Store and Office Supplies	17,000	1,500	18,500
Legal and Audit	16,000	-	16,000
Travel and Training	3,000	(300)	2,700
Alcohol Education	10,000	(300)	9,700
Dues / Subscriptions / DMV Expenses	2,500	(1,450)	1,050
Bank and Credit Card Charges	45,000	5,000	50,000
Miscellaneous / Contingency	13,500	(11,456)	2,044
<b>Total Operating Expenses:</b>	<b>620,250</b>	<b>(37,758)</b>	<b>582,492</b>

**Amendment:** Moved \$1,500.00 from retirement expense to store supplies

**Amendment:** Moved \$5000.00 from business insurance to credit card expenses

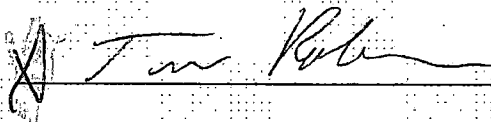
<b>Working Capital Outlay</b>		
Store Remodel (shelving // track lights)	4,339	4,339
Upgraded all back offices and rooms	5,252	5,252
Mixed Beverage Relocation	1,200	1,200
<b>Total:</b>	<b>10,791</b>	<b>10,791</b>

**AMENDMENT: Moved \$11,456.00 from miscellaneous to cover the above capital outlay expenditures**

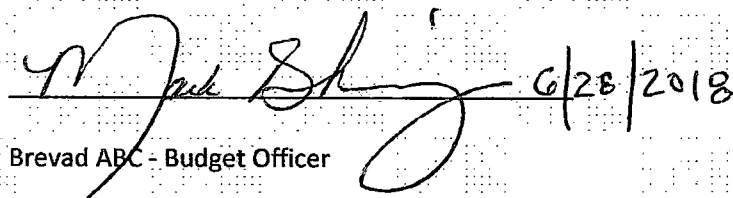
<b>Profits Before Distributions:</b>	294,020	344,183
<b>Distributions:</b>		
Profit Distribution: County	74,823	82,046
Profit Distribution: City	224,496	246,137
Law Enforcement	16,000	16,000
<b>Total Distributions</b>	<b>315,319</b>	<b>344,183</b>
<b>Total Expense, Distribution &amp; Reserve</b>	<b>3,536,299</b>	<b>3,951,731</b>

Budget Amendment approved by Brevard Board of Directors June 27th, 2018

Copy of Budget Amendment sent to City of Brevard and NCABC.

  
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Brevard ABC - Chairman of the Board of Directors

 6/28/2018

Brevard ABC - Budget Officer