



Durham County Alcoholic Beverage Control Board

ANNUAL REPORT

2018

July 1, 2017—June 30, 2018



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Durham County Alcoholic Beverage Control Board

GREETINGS FROM THE BOARD

Dear Durham Community:

The Durham County ABC Board is pleased to present our FY2018 Annual Report highlighting accomplishments for the year. We continue striving to meet all regulations set forth by the North Carolina ABC Commission and to maintain fiscal prudence. Inside this report, you will find financial highlights for the fiscal year that demonstrates how Durham County ABC's growth is a direct reflection of the Durham Community. As the Durham Community grows, so too does Durham County ABC.

Our increased bottom line enables Durham County ABC to support our community through contributions to the general funds of the County and City of Durham as well as through grant distributions. We strive through our grant program to aid organizations in breaking the cycle of underage drinking or substance abuse. Thirteen organizations qualified for grants through our grant program in FY2018. All grantees are focused on alcohol abuse prevention and education among youth in our community. Substance abuse and underage drinking are serious problems that are starting earlier in life. However, the effects linger for a lifetime and too often cut young lives short.

Durham County ABC continues to emphasize the importance of customer convenience, customer service, and modernized décor. Durham County ABC maintains focus on upgrading and renovating its stores to provide a pleasing shopping experience for the customers. We appreciate the loyal patronage of our customers and we are committed to our mission of effectively controlling the sale of alcoholic beverage in Durham.

Sincerely,
The Durham County ABC Board

YOUR DURHAM COUNTY ABC BOARD



Andy Miller
(Chair)

Served since August 2013

Andy Miller holds a Bachelor of Science in Criminal Justice Administration from Mount Olive College and a Masters in Public Administration from NCCU. He began his career in the United States Air Force as a Security Police Officer. Miller has served on the Orange County Sheriff's Department and the Durham Police Department. He is currently serving as Lieutenant on the North Carolina Central University Police Dept. Miller also serves as President of the NC Sheriff Police Alliance.



Lawrence Daye

Served since August 2016

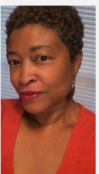
Lawrence Daye was born and raised in Durham and graduated from North Carolina A&T University. He is a retiree from PCE Paragon Solutions where he managed the contract for IBM and Lenovo. Responsibilities included inventory control, manufacturing, shipping world trade and domestic, receiving, safety, employee performance, training and ISO 9001 certifications. Mr. Daye enjoys playing golf, fishing, hunting, yard work, visiting friends and family as well as meeting new people.



Donald Lebkes

Served since June 2017

Donald Lebkes relocated to Durham 10 years ago upon retirement. Prior to retirement, Mr. Lebkes served as a Special Education Teacher in New Jersey and also as a New York Times delivery supervisor in New York City. He volunteers with Duke, Carolina Theater, Meals on Wheels, Centerfest and other civic organizations and events. Mr. Lebkes served on the Inter Neighborhood Council of Durham, where he represented his community and was co-chair of the Election Forums Committee for the past five years.



Beverly Thorpe

Served since August 2017

Beverly Thorpe is the Associate Director for Administration at Duke University's Center for Child and Family Policy. She oversees administration and business planning for the Center including functions such as finance, budget, personnel, space and facilities planning, grants administration, and policy interpretation and dissemination. Beverly earned both her BS and MPA from the University of North Carolina at Chapel Hill.



Jacqueline Wagstaff

Served since August 2015

Jacqueline Wagstaff moved to Durham in 1981 from New Rochelle, New York. She attended North Carolina Central University where she studied Political Science. She has held seats on the Durham City Council and the Durham School Board. She has also worked as an Outreach Specialist for a non-profit and started her own political consulting service after leaving public office.



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TECHNOLOGY FOR TODAY'S BUSINESS

This year, we introduced a number of new technologies and new applications for better managing our day-to-day operations. We can all agree that we live in a world where technology is critical to the performance of any organization or business. Effective utilization of technology creates greater efficiencies which translates into better service for our customers.



Computer technology is ever-changing and ever-evolving. Computers purchased just 5 years ago are quite outdated today. So we have committed ourselves to replacing computer equipment on a regular rotation to continue to keep up with the performance demands of better and greater technology solutions. This year, we upgraded the point-of-sale register computers in all eight of our retail stores. Faster computers produce faster service to our customers.

as significant cost savings over traditional phone systems. Although we were already using VoIP services, we felt it was important to reassess our current solution to determine if we were still receiving the best value. As a result, we made the switch to a new provider with even greater cost savings and better functionality than before.

Voice-over-IP technology has become a major player in the world of telephony. The ability to place phone calls over the internet has definite advantages such



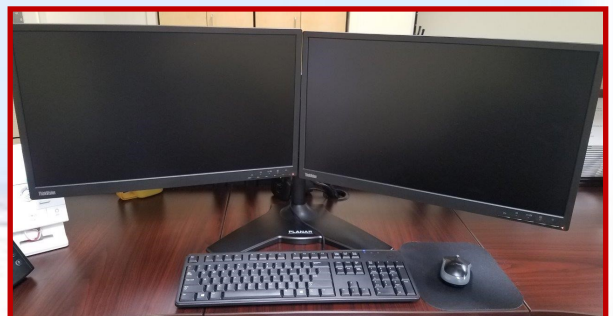
Another area of our business receiving a boost to technology resources was our grant program. (You will read more about our program in this report). We implemented an online grant application service which allows for better program administration through more effective submissions, tracking and reviewing of grant applications.

We also initiated a complete overhaul of our point-of-sale, inventory management and accounting systems. This was a major undertaking with live implementation occurring in July 2018, the beginning of our new fiscal year. The biggest advantage to replacing our point-of-sale system is faster and more efficient service at the point-of-sale with faster transaction processing and credit card processing times. This translates into shorter wait times for our customers. Benefits of replacing our inven-

tory management system are improved product ordering, better inventory tracking and proven functionality already utilized by other North Carolina ABC Boards.

With the new point-of-sale and new inventory management, came a new accounting system. The biggest advantage with this new system is the ability to create greater customization in shorter timeframes to meet our specific business needs.

Lastly, our online ordering system used by our permitted establishments also received an upgrade. The new system provides for a simpler, more user friendly ordering process which is of great benefit to our customers. It also comes with significantly less cost over our previous web provider with lowered hosting fees and support fees.



In summary and most importantly, we are continuing to work at improving the operations of our business in order to better serve our customers right here in Durham County. It's why we do what we do. Our customers matter to us. And we will continue to assess our technologies as we look for better ways to serve our customers.



FINANCIAL HIGHLIGHTS

**Percentage of
Sales 100.0%**

Gross Sales

\$37,346,615

State Excise Tax (30%)

\$8,025,692

Mixed Beverage Tax to NC Dept. of Revenue

\$597,931

Mixed Beverage Tax to NC Dept. of Health and Human Services

\$59,793

Rehabilitation Tax to Durham County Treasury

\$95,662

Sales Tax on Wines/Mixers

\$13

Total Taxes

23.5%

\$8,779,091

Net Sales

76.5%

\$28,567,524

Cost of Goods Sold (Includes surcharges and bailment charges paid to

NC ABC Commission)

51.7%

\$19,295,261

Gross Profit

24.8%

\$9,272,263

Short Term Operational Costs

15%

Non Operating Expenses

0.05%

Profit Before Distributions

9.8%

DISTRIBUTIONS

Statutory and Additional Contributions to Durham County and City

Statutory and Additional Grants for Alcohol and Substance Abuse Prevention and Education

OTHER

Retained Earnings for Capital Improvements and Long Term Operational Costs

*Actual Profit Before Distributions in FY2018 - 9.8% Figures based on FY2018 audited financial statements.





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FINANCIAL SUMMARY

Gross Sales	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
	27,089,726	28,735,744	31,488,457	34,129,036	36,072,852	37,346,615

Profit Before Distribution	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
	2,599,311	2,841,112	3,506,570	3,872,178	3,643,809	3,648,111

Profit as % of Sales	9.6%	9.9%	11.1%	11.3%	10.1%	9.8%
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Rehabilitation Tax Paid to Durham County Treasury	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
	84,414	85,030	92,013	93,785	94,573	95,662

Distributions: S=Statutory Contribution, A=Additional Contribution

Durham County	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
S	\$ 684,754	725,847	792,165	852,845	898,962	928,795
A	\$ 815,246	774,153	1,007,835	1,147,155	1,201,038	1,271,205
	\$ 1,500,000	1,500,000	1,800,000	2,000,000	2,100,000	2,200,000
S	\$ 76,084	80,650	88,018	94,761	99,885	103,200
A	\$ 90,583	86,017	111,982	127,439	133,448	141,244
	166,667	166,667	200,000	222,200	233,333	244,444

Total Distributed Profits to County & City	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
	\$ 1,666,667	1,666,667	2,000,000	2,222,200	2,333,333	2,444,444

Alcohol Abuse Education and Prevention Grant Program Distribution	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
S	\$ 128,673	141,149	175,075	197,795	213,420	216,727
A	59	-	-	-	-	-
	\$ 128,732	141,149	175,075	197,795	213,420	216,727



GRANT FUNDING AND RECIPIENTS

Every year, Durham County ABC provides grants to fund various alcohol and substance abuse programs in the County. These programs focus on one or more of prevention, education, intervention and treatment related to substance abuse, driving while impaired or underage drinking. This year, Durham County ABC provided a total of \$203,851.00 to support the various local projects of these recipients. Recipients are pictured below with General Manager, Rufus Sales and Board Members Donald Lebkes and Jackie Wagstaff as they accepted their grant award. *(Not pictured: Quality Education Institute of Durham, PROGRAM: QEI Early Prevention & Support).*



Recipient (2nd left): Otis Lyons for Campaign4Change. PROGRAM: More than Basketball



Recipient (2nd left): DeWarren Langley for Charles Hamilton Houston Foundation, Inc. PROGRAM: Young Black Male Leadership Alliance



Recipient (2nd left): Dr. Regina Bowden for Durham Business and Professional Chain. PROGRAM: Community Empowerment: Alcohol Abuse Seminars



Recipient (2nd left): Fiorella Horna for El Centro Hispano. PROGRAM: Alcohol/ Substance Abuse Education



Recipient (2nd left): Nicole Moore for Exchange Club's Child Abuse Prevention Center. PROGRAM: Multidimensional Family Therapy for the Clinical Education & Treatment of Substance Use in Teens



Recipient (2nd left): Laura Wendell for LIFE Skills Foundation. PROGRAM: Substance Abuse Prevention and Treatment for Transition Age Youth

ORGANIZATION

GRANT AWARD

Campaign4Change	\$ 15,000.00
Charles Hamilton Houston Foundation, Inc.	\$ 10,000.00
Durham Business and Professional Chain	\$ 35,000.00
El Centro Hispano, Inc	\$ 12,000.00
Exchange Club's Child Abuse Prevention Center	\$ 15,000.00
LIFE Skills Foundation	\$ 17,000.00
Milestones Culinary Institute	\$ 5,081.00
Pathways to Change	\$ 6,200.00
Quality Education Institute of Durham	\$ 10,000.00
REAL Kids United/ Gainesville Black Professionals	\$ 35,000.00
Rebound, Alternatives for Youth	\$ 31,070.00
StandUp SpeakOut of North Carolina	\$ 5,000.00
TRP Global, Inc.	\$ 7,500.00

TOTAL GRANT AWARDS:

\$ 203,851.00



Recipient (2nd left) & middle: Steven Chalmers, James Davis for Milestones Culinary Institute. PROGRAM: Men of Vision



Recipient (2nd left): Annie Burton for Pathways to Change. PROGRAM: Alcohol Abuse and Domestic Violence--A Toxic Combination



Recipient (2nd left): John Rooks for REAL Kids United/Gainesville Black Professionals. PROGRAM: REAL Kids Speak Out



Recipient (2nd left): Amy Rublein for Rebound, Alternatives for Youth. PROGRAM: Rebound, Alternatives for Youth Reaching Those in Need



Recipient (2nd left): Monica Daye for StandUp SpeakOut of North Carolina. PROGRAM: Girl SpeakOut Youth Program



Recipient (2nd left): Eric D. Smith for TRP Global Academy. PROGRAM: TRP Global Leadership Academy



Congratulations to all FY 2018 Durham County ABC Board Grant Recipients!!

Pictured back row, l. to r.—Jackie Wagstaff (DABC board member), Eric Smith, Michael Friedman, Steven Chalmers, James Davis, Laura Wendell, DeWarren Langley, John Rooks, Otis Lyons, Donald Lebkes (DABC board member). Pictured front row, l. to r.—Amy Rublein, Fiorella Horna, Nicole Moore, Dr. Regina Bowden, Rufus Sales (DABC General Manager, Name Unknown, Annie Burton, Monica Daye



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LETTER FROM THE GENERAL MANAGER

To All Durham County ABC Employees,



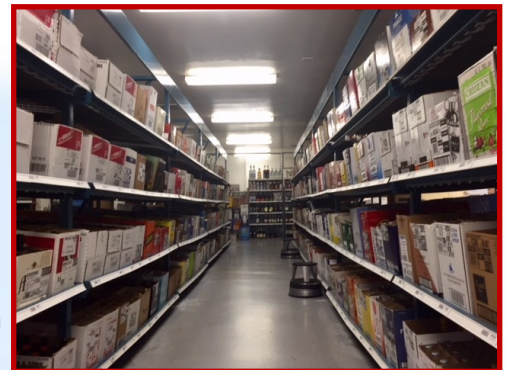
On behalf of Durham County Alcoholic Beverage Control Board, I want to thank you for your service as Durham County ABC Employees. Your employment fulfilled a vital role in controlling the sale of alcoholic beverage in Durham County. Though many of our patrons are not fully aware of the numerous tasks you perform, the work performed by you ensured that alcoholic beverage sales in Durham County were safe, efficient and effective. The citizens of Durham County can rest well knowing that you are not selling alcoholic beverage to anyone intoxicated or under 21 years of age.

Thank you for the exceptional manner in which you worked through the toughest weather most of us had encountered in years. While local government, school systems and many private businesses were closed, you kept Durham County ABC operations going to provide a service to the citizens of Durham County. As I visited ABC Stores during the snow storm, I was filled with pride

at your attitude, enthusiasm, and your ability to get the job done. The citizens of Durham County owe a debt of gratitude to you for how you have performed under such adverse conditions.



It has been said that “when times get tough, the tough get going”. You demonstrated during tough and challenging times that you could rise and overcome those challenges. With the looming thoughts of the North Carolina Legislature privatizing the North Carolina Alcoholic Beverage Control System, you demonstrated your best in customer service by having clean stores, fully stocked stores and acknowledging customers, assisting customers and showing appreciation for their business.



Successful organizations are made up of successful employees. This year Durham County ABC invested in our employees. Everyone received Customer Service, Dalcom Point of Sale, clerk awareness, and inventory training. Managers and assistant managers received training in supervision, management, performance reviews and the disciplinary process. I have only touched on some of the training you received. I agree with the phrase “Those that fail to train, train to fail”. Training comes at a price, in money and time. Durham County ABC Board provided the money and you provided the time.



During all the things mentioned above, you kept Durham County ABC Operations going and generated more revenue than ever before in the history of Durham County ABC. I thank you and say, **JOB WELL DONE!!!!!!**

Rufus Sales
General Manager

Durham County ABC Store Locations



1928 Holloway Street
Durham, NC 27703
(919) 682-4943



5202 Highway 55
Durham, NC 27713
(919) 544-1278



2806 Hillsborough Road
Durham, NC 27705
(919) 286-2525



3620 Durham Chapel Hill Boulevard
Durham, NC 27707
(919) 493-6773



2121 TW Alexander Drive
Morrisville, NC 27561
(919) 598-9761



3318 Guess Road
Durham, NC 27705
(919) 477-0860



5234 N. Roxboro Road
Durham, NC 27712
(919) 471-4854



4717 Hope Valley Road
Durham, NC 27707
(919) 419-9811

Durham County ABC Administrative Office

2634 Durham Chapel Hill Boulevard
Durham, NC 27707
(919) 419-6217
www.durhamabc.com

Always Maintain Control. Practice Moderation.

