



**DURHAM COUNTY  
ALCOHOLIC BEVERAGE CONTROL BOARD**

**DURHAM COUNTY  
NORTH CAROLINA**

**FY 2021 – 2022 PROPOSED BUDGET**

**BOARD MEMBERS**

*Donald Lebkes, Chairperson*

*Gale Adland*

*Daniel Edwards*

*Frachele Scott*

*Ryan Urquhart*

**GENERAL MANAGER**

*Niegel Sullivan*

**Durham County  
Alcoholic Beverage Control Board**

Niegel Sullivan  
General Manager

May 17, 2021

Dear Durham County Residents:

The following Budget is the comprehensive spending plan for the Durham County ABC Board for the Fiscal Year 2021-2022. In compliance with ABC system legislation in North Carolina, this budget document has been formally issued directly to citizens. The Board of Durham County ABC welcomes the opportunity to discuss this budget plan with you.

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 Durham County ABC so that we can continue our mission to effectively control the sale of alcoholic beverages while maximizing the financial contribution that we make to the community through distributions to the County and City of Durham and through funding grant programs that provide alcohol abuse education and prevention. This budget accomplishes these goals. Durham County ABC will continue to provide the high-quality customer service that has distinguished the organization for many years.

### **Highlights of the FY 2021-2022 Budget**

#### **Revenue and Other Income**

The budget projects revenue from liquor sales and other receipts to be \$50,000,618 for FY2022. These projections are based on expected sales increases which reflect both current trends and strategic planning.

#### **Facility Improvements/Purchases**

To grow and to meet new demands of a growing population and new consumer shopping habits successful organizations must change and adapt. The DCABC Board is constructing building one (1) new retail store, which will be paid for using working capital. We will continue to make various facility and technology improvements that will enhance the shopping experience for our customers including the ability to order products online and integrate the special order process into our Point of Sale system. The budgeted investment in improvements are \$2,700,952.

#### **Compensation Plan**

In accordance with the Board's Compensation Plan, competitive base salaries are maintained. Durham County ABC hired Catapult a human resources consulting firm to conduct a market wage analysis. The goal of this was to insure that DCABC Board has a competitive pay structure to attract and maintain quality staff. The second goal was to insure that we get our part-time clerks to the \$15/hour "living minimum wage", which would have all positions in the company meeting that standard going forward. This will result in a \$485,737 increase in overall wages and benefits.

**Profit Distributions to Local Government**

Durham County ABC Board has budgeted \$2,012,103 for distribution to the general fund of Durham County and \$223,567 to the general fund of the City of Durham. Budgeted amounts are statutory requirements based on specific percentages of our profits plus an additional 60%.

Distributions are paid quarterly. At the end of each fiscal year the Durham County ABC Board determines the actual amount of contribution that can be made, often exceeding the statutory requirements. This year, with budgeted amounts exceeding the statutory requirements, adjustments could be made downward if business performance does not meet expectations. The final contribution decision is based on statutory requirements plus how much funding is available over the anticipated operating and strategic needs funding that will enable Durham ABC to continue to thrive over the long term.

**Major Projection Variables and Assumptions**

**Operating Projections**

The Board’s primary source of revenue is the sale of spirituous liquor. Projected sales growth is an important assumption in our proposed budget. COVID-19 impacted the retail business positively and the Mixed Beverage business negatively. We worked tirelessly to insure we had adequate in-stocks of products that our customers wanted to drive sales in the retail business. This strategy was successful and has resulted in a 12.17% comparative increase in Year to Date sales. In May 2021 we are starting to see a shift in the business back to the Mixed Beverage side. In FY2022 we are forecasting retail sales at \$45,000,618 and mixed beverage sales at \$5,000,000 for a total sales budget of \$50,000,618.

Taxes related to the sale of spirituous liquor and fortified wine are planned at \$11,445,050 in the budget. The total Cost of Goods Sold totals \$26,000,113.

Personnel expenses and facility expenses comprise the vast majority of operating expenses. Personnel expenses are budgets for \$4,228,141 and total operating expenses at \$3,061,160.

**Profit Distributions**

After the expenses required to meet the needs of the business are met, our estimated profit is \$3,161,119.

North Carolina Alcoholic Beverage Control statutes require that Durham County ABC distribute specific percentages of its profits to the general funds of the County and the City of Durham and for alcohol education in the community. The Board considers these distributions that will be used locally for the public good to be an important part of its mission.

The Board will increase our quarterly distributions to the general funds of Durham County and City by 60% over the statutory amount. The budgeted amount (including the 60% increase) to Durham County totals \$2,012,103. Distribution to the city will total \$223,567. The statutory requirement for funding alcohol abuse prevention and education in the community is \$232,821. After all budgeted distributions, net income will be \$1,625,186.26. The Board determines how this net income can best be utilized to fulfill the strategic plans for Durham County ABC.

**Staffing Levels**

Durham County ABC anticipates utilizing 52 full time, active employees for FY2020. This includes 45 store and warehouse employees and 7 administrative employees. In addition, part-time employees are utilized in the stores and warehouse based on the needs of the business. Contracted employees are utilized to provide ABC Police Services throughout Durham County and security in the stores.

The board and staff of Durham County ABC appreciate the opportunity to serve the Durham community.

For more information on the Durham County ABC Board, please visit [www.durhamabc.com](http://www.durhamabc.com) or call 919-419-6217.

Sincerely,

A handwritten signature in black ink, appearing to read "Niegel Sullivan". The signature is fluid and cursive, with the first name being more prominent.

Niegel Sullivan  
General Manager

**ANNUAL BUDGET DURHAM COUNTY ABC BOARD  
Durham County North Carolina**

**FY 2021 - 2022**

This proposed budget for FY 2021-2022 was submitted to the Durham County ABC Board on May 17, 2021 by the General Manager.

**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.

<b>Estimated Revenues:</b>	
Sales	\$ 50,000,218
Other Income - Interest	400
Total	<u>\$ 50,000,618</u>

**Section 2. Appropriations.** The following expenses are hereby appropriated for fiscal year 2021- 2022 and are funded by the revenues set forth in the foregoing Section 1.

<b><u>Appropriations:</u></b>		Totals
Taxes Based on Revenue	\$	11,445,050
Cost of Sales	\$	26,000,113
<b>Operating Expenses:</b>		Totals
Personnel Expenses	\$	4,288,141
Other Operating Expenses		3,061,160
Total Operating Expenses	\$	<u>7,349,301</u>
<b>Capital Outlay:</b>		
Hwy. 55 - New Store Construction	\$	2,650,000
		0
		0
Technology Improvements & Replacements		<u>50,952</u>
Net Capital Outlay	\$	2,700,952
<b>Debt Service/Lease:</b>	\$	
<b>Total Estimated Expense</b>	\$	<u>47,495,416</u>
<b>Distributions:</b>		
Mandatory 3.5% and Bottle Tax (Plus 60% Added Above Minimum)	\$	2,235,670
Law Enforcement		692,628
Alcohol Education & Rehab		232,821
Other County/Municipal		
Total Distributions	\$	<u>3,161,119</u>
Working Capital Required (Appropriated Fund Balance)	\$	(655,917)
<b>Total Appropriations</b>		<u>50,000,618</u>

**Section 3. Amendments.** The Board may amend the budget as deemed necessary in accordance with G.S. 18B-702(h). The Budget Officer may amend the budget in amounts up to \$50,000 with a report to the Durham County ABC Board at its subsequent regular meeting.

**Section 4.** In accordance with G.S. 18B-702, copies of this Budget Ordinance shall be filed with the Durham County Board of Commissioners and the North Carolina ABC Commission, and provided to the Budget Officer and Finance Officer to be kept on file for their direction in the disbursement of funds.