Financial Statements
and Supplementary Information

for

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

(A Component Unit of Durham County Government)

Years Ended June 30, 2026 and 2025
with Independent Auditor's Report

DEANDORTON

CONTENTS

Pages

Independent Auditor's Report....1 - 3

Management's Discussion and Analysis....4 - 8

Basic Financial Statements:
- Statements of Net Position....9 - 10
- Statements of Revenues, Expenses, and Changes in Net Position....11 - 12
- Statements of Cash Flows....13 - 14
- Notes to the Financial Statements....15 - 38

Required Supplementary Information:
- ABC Board's Proportionate Share of Net Pension Liability (Asset)....39 - 40
- ABC Board's Contributions - Local Government Employees' Retirement System....41 - 42
- Schedule of Changes in the Total OPEB Liability and Related Ratios....43 - 44
- ABC Board's Contributions - Total OPEB Liability....45 - 46
- Notes to the Required Supplementary Information....47 - 48

Supplementary Information:
- Schedule of Revenues and Store, Warehouse, and Administrative Expenses - Year ended June 30, 2026....49 - 50
- Schedule of Store, Warehouse, and Administrative Expenses - Year ended June 30, 2025....51 - 52
- Schedule of Distributions of Profits....53
- Reconciliation of Budget to Actual....54 - 55

DEANDORTON

Independent Auditor's Report

To the Board of Directors
Durham County Alcoholic Beverage Control Board
Durham, North Carolina

Opinion

We have audited the accompanying financial statements of Durham County Alcoholic Beverage Control Board (the Board), a component unit of Durham County, which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of June 30, 2026 and 2025, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Durham County Alcoholic Beverage Control Board
Independent Auditor's Report, continued

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

To the Board of Directors
Durham County Alcoholic Beverage Control Board
Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the other post-employment benefits schedule of changes in the total OPEB liability and related ratios and contributions, the Local Government Employees' Retirement System's schedules of the proportionate share of net pension liability (asset) and contributions, and notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The schedules of revenues and store, warehouse, and administrative expenses, distributions of profits, and reconciliation of budget to actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dean Dotton Allen Ford, PLLC

Raleigh, North Carolina
September 9, 2026

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis

(Unaudited)

The purpose of management's discussion and analysis (MD&A) is to help readers understand what the financial statements and notes in this financial report say about Durham County Alcoholic Beverage Control (ABC) Board's (the Board) financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the Board staff's knowledge of the Board's finances.

Overview of the Financial Statements

The financial statements of the Board consist of the following components. They are as follows:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Additional Information Required by the North Carolina ABC Commission*

The *Basic Financial Statements* are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the **Statement of Net Position**. Assets and liabilities are classified between current and non-current. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

The next statement is the **Statement of Revenues, Expenses, and Changes in Net Position**. This statement is used in evaluating whether the Board has recovered all of its costs through sales. Its information is used in determining credit worthiness.

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, capital and related financing and noncapital financing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the change in cash.

The *notes to the financial statements* are a part of the basic financial statements, which delve deeper into the Board's finances as reported in the financial statements. The information in the notes is as important to understanding the Board's finances as the information in the financial statements. The Board uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as commitments).

The North Carolina ABC Commission requires certain schedules in addition to the information required by accounting principles generally accepted in the United States of America. They include a **Schedules of Revenues and Store, Warehouse and Administrative Expenses, Distributions of Profits, and a Reconciliation of Budget to Actual.**

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Financial Summary

Table 1

Condensed Statement of Net Position

	2026	2025	2024	$ Change This Yr over Last Yr	% Change This Yr over Last Yr
Current assets	**$ 16,313,423**	$ 17,371,433	$ 18,040,485	$ (1,058,010)	(6.09)%
Non-current assets	**21,384,655**	18,133,232	14,767,416	3,251,423	17.93 %
Deferred outflows of resources	**1,111,441**	1,341,059	1,557,970	(229,618)	(17.12)%
Total assets and deferred outflows of resources	**$ 38,809,519**	$ 36,845,724	$ 34,365,871	$ 1,963,795	5.33 %
Current liabilities	**$ 4,448,321**	$ 5,244,142	$ 4,695,421	$ (795,821)	(15.18)%
Non-current liabilities	**8,193,914**	6,544,194	4,826,310	1,649,720	25.21 %
Deferred inflows of resources	**129,679**	12,835	25,465	116,844	910.35 %
Total liabilities and deferred inflows of resources	**$ 12,771,914**	$ 11,801,171	$ 9,547,196	$ 970,743	8.23 %
Net position:					
Net investment in capital assets	**$ 15,353,891**	$ 14,126,023	$ 12,360,185	$ 1,227,868	8.69 %
Restricted net position	**1,797,929**	1,825,093	1,837,568	(27,164)	(1.49)%
Unrestricted net position	**8,885,785**	9,093,437	10,620,922	(207,652)	(2.28)%
Total net position	**$ 26,037,605**	$ 25,044,553	$ 24,818,675	$ 993,052	3.97 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Management's Discussion and Analysis, continued

(Unaudited)

Financial Summary, continued

Table 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2026	2025	2024	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Gross sales	**$ 61,040,135**	$ 61,910,665	$ 62,307,588	$ (870,530)	(1.41)%
Less: taxes on gross sales	**14,293,985**	14,458,236	14,530,818	(164,251)	(1.14)%
Net sales	**46,746,150**	47,452,429	47,776,770	(706,279)	(1.49)%
Less: cost of sales	**31,582,472**	32,304,037	31,834,882	(721,565)	(2.23)%
Gross profit	**15,163,678**	15,148,392	15,941,888	15,286	0.10 %
Less: operating expenses	**10,990,832**	10,838,028	9,552,434	152,804	1.41 %
Income from operations	**4,172,846**	4,310,364	6,389,454	(137,518)	(3.19)%
Non-operating revenues (expenses), net	**53,224**	141,660	175,495	(88,436)	(62.43)%
Change in net position before distributions	**4,226,070**	4,452,024	6,564,949	(225,954)	(5.08)%
Less: distributions	**3,233,018**	4,226,146	4,268,285	(993,128)	(23.50)%
Change in net position	**993,052**	225,878	2,296,664	767,174	339.64 %
Net position, beginning	**25,044,553**	24,818,675	22,522,011	225,878	0.91 %
Net position, ending	**$ 26,037,605**	$ 25,044,553	$ 24,818,675	$ 993,052	3.97 %

Table 3

Gross Sales by Source

	2026	2025	2024	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Retail liquor sales	**$ 47,803,373**	$ 48,823,025	$ 49,164,067	$ (1,019,652)	(2.09)%
Mixed beverage sales	**13,207,167**	13,058,907	13,120,596	148,260	1.14 %
Wine sales	**29,595**	28,733	22,925	862	0.03 %
Total gross sales	**$ 61,040,135**	$ 61,910,665	$ 62,307,588	$ (870,530)	(1.41)%

Detailed Analysis

Net position is an indicator of the fiscal health of the Board. Table 1 shows that as of June 30, 2026, the Board's total net position - assets and deferred outflows of resources minus liabilities and deferred inflows of resources - was $26,037,605, an increase of $993,052, or 3.97% compared with 2025. The increase in net position was result of financial performance of business-type activities, as described below. See the Significant Capital Assets and Long-Term Financing Activity section for significant changes within those areas.

Table 2 shows that revenues exceeded expenses in the current year by $993,052, resulting in an increase in net position. The Board experienced a decrease in gross sales of $870,530, or 1.41% (Table 3), from the prior year, with retail liquor sales decreasing by 2.09% and mixed beverage sales increasing by 1.14%. This overall decrease in gross sales is the result of a slowdown in demand for liquor from the Board's retail locations. Despite the decrease in gross sales, the Board was able to increase their change in net position over the prior year, as the Board experienced a decrease in cost of sales of $721,565, or 2.23%, and a decrease in distributions of $993,128, or 23.50%, in 2026 compared to 2025. The Board distributed less funds in the current year while continuing to exceed the required distribution levels for law enforcement and alcohol education and rehabilitation, as well as remaining within the required working capital thresholds with profit distributions to Durham County and the City of Durham.

Significant Capital Assets and Long-Term Financing Activity

Overall, the carrying value of capital assets - original cost minus accumulated depreciation and amortization - increased by 17.93%. During 2026, the Board completed the construction of the new Store 4 location with a capitalized asset of approximately $3.1 million. The Board also acquired land for approximately $2 million for the purpose of serving as the site for a future store location. The Board financed the purchase of the land by securing a note payable.

During 2026, the Board extended a lease for the right-to-use a building for a current store location. The extension of the lease resulted in an increase in the right-of-use asset and related lease liability by approximately $580,000.

As a result of the acquisition of the land and the extension of the lease, the Board's lease liabilities and notes payable increased by $23,555 and $2,000,000, respectively, as of June 30, 2026 compared to the prior year end. Net investment in capital assets as of June 30, 2026, totaled $15,353,891 (net of accumulated depreciation and amortization, lease liabilities, and note payable) which was an increase of $1,227,868, or 8.69%.

Additional information on the Board's capital assets can be found in Note 1 of the Notes to the Financial Statements.

Currently Known Facts, Decisions, or Conditions

The current economic and political climate, as well as post-Covid trends, are proving to have a negative effect on sales in general and top line revenue from liquor sales nationwide. North Carolina, just like the other control states and the rest of the country, is being affected by different ongoing factors causing negative growth. The Board continues to deliver top-tier customer service in Durham County and work tirelessly to ensure that stores are adequately stocked with products that our customers want in order to drive sales in the retail and mixed beverage business.

For FY 2027, the Board is forecasting retail sales at $47,702,500 and mixed beverage sales at $12,769,500. From all sources of income, total FY 2027 sales projection is $60,500,000.00

In FY 2026, the Board purchased a 2-acre outparcel tract of land at the Ellis Crossings Shopping Center in southeast Durham in order to place a new retail store. This project was chosen to fill a coverage gap in the existing roster of stores in this growing area so that the Board may better serve Durham County citizens. The Board is planning to break ground on this exciting project in August 2027.

The Board endeavors to keep all of our stores well stocked with the latest products and assortment available for our citizens. The number of different products available today far exceeds the storage capacity of our current warehouse. Thus, in order to ensure our stores are always well stocked, to satisfy our community's demand and to continue adapting to current and future market trends, it is vital that we build a new central warehouse. Therefore, in FY 2025, the Board purchased a tract of land on Hoover Road in east Durham in order to build a modern warehouse in the future as part of our 8 – 10-year Strategic plan.

The Board will be responsibly paying down the loans undertaken for these capital projects by using working capital and the savings fund. The combined budgeted amount to be paid down for these projects in FY 2027 is $1,500,000.

Requests for Information

This report is intended to provide a summary of the financial condition of the Durham County ABC Board. Questions or requests for additional information should be addressed to Lou Sordel, General Manager, Durham County Alcoholic Beverage Control Board, 3620 Shannon Road, Suite 200, Durham, North Carolina 27707.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Net Position

June 30, 2026 and 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	**$ 2,050,469**	$ 2,230,698
Investments	**2,144,148**	2,567,710
Inventories	**11,610,518**	12,166,511
Prepaid expenses	**508,288**	406,514
Total current assets	**16,313,423**	17,371,433
Non-current assets:		
Capital assets (net of accumulated depreciation and amortization)	**21,384,655**	18,133,232
Total assets	**$ 37,698,078**	$ 35,504,665
Deferred Outflows of Resources		
Pension deferrals	**$ 1,079,160**	$ 1,312,276
OPEB deferrals	**32,281**	28,783
Total deferred outflows of resources	**$ 1,111,441**	$ 1,341,059

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Net Position, continued

June 30, 2026 and 2025

	2026	2025
Liabilities		
Current liabilities:		
Accounts payable	**$ 1,218,100**	$ 1,668,574
Distributions payable	**1,074,950**	1,499,871
State taxes payable	**1,140,470**	1,089,266
Accrued expenses:		
Liabilities	**189,855**	142,450
Payroll and related costs	**228,425**	253,563
Sales tax payable	**94,418**	76,788
Current portion of lease liabilities	**428,993**	513,630
Current portion of notes payable	**73,110**	-
Total current liabilities	**4,448,321**	5,244,142
Non-current liabilities:		
Accrued vacation	**228,696**	258,453
Non-current portion of lease liabilities	**1,536,771**	1,428,579
Net pension liability	**2,060,660**	2,356,346
Total OPEB liability	**375,897**	435,816
Non-current portion of notes payable	**3,991,890**	2,065,000
Total non-current liabilities	**8,193,914**	6,544,194
Total liabilities	**$ 12,642,235**	$ 11,788,336
Deferred Inflows of Resources		
Pension deferrals	**$ 129,679**	$ 12,835
Net Position		
Net position:		
Net investment in capital assets	**$ 15,353,891**	$ 14,126,023
Restricted for working capital	**1,797,929**	1,825,093
Unrestricted	**8,885,785**	9,093,437
Total net position	**$ 26,037,605**	$ 25,044,553

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2026 and 2025

	2026	2025
Gross sales:		
Liquor sales-regular	**$ 47,803,373**	$ 48,823,025
Mixed beverage sales	**13,207,167**	13,058,907
Wine sales	**29,595**	28,733
Total gross sales	**61,040,135**	61,910,665
Deduct taxes on gross sales:		
State excise tax (Note 9)	**13,141,329**	13,363,848
Mixed beverage tax (revenue) (Note 9)	**925,745**	875,186
Mixed beverage tax (human resources) (Note 9)	**92,574**	87,556
Rehabilitation tax (Note 9)	**132,336**	129,701
Wine tax	**2,001**	1,945
Total taxes on gross sales	**14,293,985**	14,458,236
Net sales	**46,746,150**	47,452,429
Deduct cost of sales:		
Cost of liquor sold	**31,562,200**	32,285,162
Cost of wine sold	**20,272**	18,875
Total cost of sales	**31,582,472**	32,304,037
Gross profit on sales	**15,163,678**	15,148,392
Deduct operating expenses:		
Store expenses	**7,207,225**	7,019,217
Warehouse and delivery expenses	**1,004,506**	921,216
Administrative expenses	**1,623,713**	1,780,635
Depreciation and amortization expenses	**1,155,388**	1,116,960
Total operating expenses	**10,990,832**	10,838,028
Income from operations	**4,172,846**	4,310,364
Non-operating revenues and expenses:		
Interest income	**76,448**	141,660
Other expense	**(23,224)**	-
Total non-operating revenues and expenses	**53,224**	141,660
Change in net position before distributions	**$ 4,226,070**	$ 4,452,024

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Revenues, Expenses, and Changes in Net Position, continued

Years ended June 30, 2026 and 2025

	2026	2025
Deduct:		
Law enforcement	**$ 393,926**	$ 571,317
Alcohol education/rehabilitation	**508,930**	614,829
Total distributions	**902,856**	1,186,146
Change in net position before profit distributions	**3,323,214**	3,265,878
Profit distributions:		
City of Durham	**233,016**	290,000
Durham County	**2,097,146**	2,750,000
Total profit distributions	**2,330,162**	3,040,000
Change in net position	**993,052**	225,878
Net position, beginning of year	**25,044,553**	24,818,675
Net position, end of year	**$ 26,037,605**	$ 25,044,553

See accompanying notes.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Cash Flows

Years ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Cash received from customers	**$ 61,040,135**	$ 61,910,665
Cash payments to suppliers for goods and services and taxes on sales	**(35,754,448)**	(35,526,907)
Cash payments to employees for services	**(5,668,410)**	(5,385,311)
Sales taxes paid	**(14,225,151)**	(14,506,739)
Net cash provided by operating activities	**5,392,126**	6,491,708
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	**(3,857,742)**	(4,490,721)
Proceeds from note payable	**2,000,000**	2,065,000
Payments on lease liabilities	**(556,684)**	(465,022)
Net cash used in capital and related financing activities	**(2,414,426)**	(2,890,743)
Cash flows from non-capital financing activities:		
Law enforcement distributions	**(393,926)**	(571,317)
Alcohol education distributions	**(508,930)**	(512,329)
Profit distributions to primary government	**(2,755,083)**	(2,959,766)
Net cash used in non-capital financing activities	**(3,657,939)**	(4,043,412)
Cash flows from investing activities:		
Interest earned on investments	**76,448**	141,660
Net investments sold	**423,562**	1,008,339
Net cash provided by investing activities	**500,010**	1,149,999
Net (decrease) increase in cash and cash equivalents	**(180,229)**	707,552
Cash and cash equivalents, beginning of year	**2,230,698**	1,523,146
Cash and cash equivalents, end of year	**$ 2,050,469**	$ 2,230,698

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Statements of Cash Flows, continued

Years ended June 30, 2026 and 2025

	2026	2025
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	**$ 4,172,846**	$ 4,310,364
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	**1,163,334**	1,124,905
Changes in assets and liabilities:		
Inventories	**555,993**	279,528
Prepaid expenses	**(101,774)**	88,737
Accounts payable	**(450,474)**	326,360
State taxes payable	**51,204**	(46,586)
Accrued liabilities	**47,405**	18,491
Accrued payroll and related costs	**(54,895)**	91,940
Accrued sales tax payable	**17,630**	(1,917)
Net pension liability	**(295,686)**	127,280
Total OPEB liability	**(59,919)**	(31,675)
Deferred outflows of resources for pensions	**233,116**	210,395
Deferred inflows of resources for pensions	**116,844**	(12,630)
Deferred outflows of resources for OPEB	**(3,498)**	6,516
Net cash provided by operating activities	**$ 5,392,126**	$ 6,491,708
Supplemental disclosure of noncash transactions:		
Non-cash financing activities:		
Additions to right-of-use assets obtained from financing lease liabilities	**$ 580,239**	$ -

See accompanying notes.

1. Summary of Significant Accounting Policies

Principles Used in Determining the Scope of the Entity for Financial Reporting

The Durham County Alcoholic Beverage Control Board (the Board), a component unit of Durham County Government, North Carolina reporting entity (the County), is a corporate body with powers outlined by North Carolina General Statues Chapter 18B-701. The County's governing body appoints the Board.

The Board is required by State Statute to distribute a portion of its surpluses to the General Fund of the County and its municipalities, which represents a financial benefit to the County and its municipalities. Therefore, the Board is reported as a discretely presented component unit in the County's financial statements.

Organizational History

The Board was organized under the provisions of the Pasquotank Act in 1937, and implemented by a county wide vote on May 15, 1937, at which time the Durham County Commissioners appointed three individuals to serve on the Board with terms of three years. In 2001, the County Commissioners added two more individuals to serve on the Board bringing the total to five Board members.

The Board, as provided by North Carolina Alcoholic Beverage Control laws, operates ten retail liquor stores and two mixed beverage locations and, through its contract with the NC State Bureau of Investigations, Alcohol Law Enforcement Branch (ALE), investigates violations of such laws. North Carolina General Statute [18B-805(c)(2)(3)] requires that the Board expend at least 5% of profits for law enforcement, and at least 7% of the same profits for alcohol education and rehabilitation purposes.

Basis of Presentation

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. All sales are made by cash, check, EFT, debit or credit and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred.

1. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of net position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation and amortization expense, other post-employment benefit expenses, lease interest expense, and pension expenses. Actual results may differ from those estimates.

Adoption of New Accounting Standards

GASB 103: Financial Reporting Model

Effective July 1, 2025, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements* (Statement No. 103). The statement improves financial reporting by providing information that is essential for decision-making and assessing a government's accountability and addresses certain application issues. Key revisions include: (1) revising MD&A requirements to emphasize analysis rather than a summary of changes and reducing the required areas of focus from eight to five; (2) revising the proprietary fund Statement of Revenues, Expenses, and Changes in Net Position, including new definitions of operating revenues and expenses and requiring noncapital subsidies to be separately reported, with certain financing-related revenues and expenses and investment income and expenses classified as nonoperating; (3) requiring separate presentation of major discretely presented component units in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position unless separate presentation would reduce readability; (4) revising budgetary comparison information by requiring explanations of significant variances between original and final budgets and between final budget amounts and actual results in the notes to RSI; (5) eliminating the distinction between extraordinary and special items and establishing presentation requirements for unusual or infrequent items; (6) updating financial trend information in the statistical section for governments that conduct only business-type activities, or only business-type and fiduciary activities, and that prepare a statistical section; and (7) providing definitions of subsidies and requiring noncapital subsidies to be separately reported in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

GASB 104: Disclosure of Certain Capital Assets

Effective July 1, 2025, the Board retroactively adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets* (Statement No. 104). The objective of this statement is to better meet the information needs of financial statement users by establishing uniform financial reporting requirements for certain types of capital assets, improving the comparability of financial statements among governments, and enhancing the understandability, reliability, relevance, and consistency of information about capital assets. Statement No. 104 requires separate disclosure of lease assets, intangible right-to-use assets, subscription assets, and other intangible assets by major class of asset. Statement No. 104 also provides guidance and disclosure requirements related to capital assets held for sale.

1. Summary of Significant Accounting Policies, continued

Pensions

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Board's employer contributions are recognized when due and the Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Assets, Liabilities, and Net Position

Deposits

All deposits of the Board are made in board-designated official depositories and are collateralized as required by State Law G.S. 159-31. The Board may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2026 and 2025, the Board's deposits had a carrying amount of $2,028,856 and $2,218,080, respectively, and a bank balance of $2,396,762 and $2,159,855, respectively. Of the bank balance, $250,000 and $375,424 was covered by federal depository insurance at June 30, 2026 and 2025, respectively, and $2,146,762 and $1,784,431 was covered by collateral held under the Pooling Method, at June 30, 2026 and 2025, respectively.

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Investments

State law [G.S. 159-30(c)] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

The Board’s investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by either quoted market prices, significant other observable inputs or significant unobservable inputs. Non-participating interest earning contracts and the NCCMT, an SEC registered 2a-7 external investment pool, are measured at amortized cost, which is the NCCMT’s share price. The NCCMT Term Portfolio’s securities are valued based at fair value as determined by significant other observable inputs. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories are valued at current replacement cost which approximates the lower cost and net realizable value.

Capital and Right-of-Use Assets

Capital assets are recorded at original cost using a capitalization threshold of $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. The useful lives are shown below:

Buildings and improvements	10 - 30 years
Furniture and equipment	5 - 15 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged to expense as incurred. The cost and related accumulated depreciation associated with capital assets are removed from the accounts upon retirement or other disposition, and any resulting gain or loss is reflected as a non-operating item.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Capital and Right-of-Use Assets, continued

Capital and right-of-use asset activity for the year ended June 30, 2026 was as follows:

	Balance June 30, 2025	Increases	Decreases	**Balance June 30, 2026**
Capital assets not being depreciated:				
Land	$ 5,923,338	$ 2,022,090	$ -	**$ 7,945,428**
Work in progress	1,491,344	1,919,632	3,345,032	**65,944**
Total capital assets not being depreciated	7,414,682	3,941,722	3,345,032	**8,011,372**
Capital assets being depreciated:				
Buildings and improvements	9,745,927	3,126,600	131,177	**12,741,350**
Furniture/equipment	2,917,559	241,756	54,231	**3,105,084**
Vehicles	348,896	-	-	**348,896**
Law enforcement	348,857	-	-	**348,857**
Total capital assets being depreciated	13,361,239	3,368,356	185,408	**16,544,187**
Less accumulated depreciation:				
Buildings and improvements	2,187,534	346,991	121,651	**2,412,874**
Furniture/equipment	1,855,740	294,082	40,719	**2,109,103**
Vehicles	267,646	32,876	-	**300,522**
Law enforcement	124,525	7,946	-	**132,471**
Total accumulated depreciation	4,435,445	681,895	162,370	**4,954,970**
Total capital assets being depreciated, net	8,925,794	2,686,461	23,038	**11,589,217**
Right-of-use assets:				
Buildings	3,115,129	580,239	256,996	**3,438,372**
Total right-of-use assets being amortized	3,115,129	580,239	256,996	**3,438,372**
Less accumulated amortization:				
Buildings	1,322,373	481,439	149,506	**1,654,306**
Total accumulated amortization	1,322,373	481,439	149,506	**1,654,306**
Total right-of-use assets being amortized, net	1,792,756	$ 98,800	$ 107,490	**1,784,066**
Capital and right-of-use assets, net	$ 18,133,232			**$ 21,384,655**

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Financial Statements, continued

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Capital and Right-of-Use Assets, continued

Capital and right-of-use asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 2,930,654	$ 2,992,684	$ -	$ 5,923,338
Work in progress	325,994	1,436,516	271,166	1,491,344
Total capital assets not being depreciated	3,256,648	4,429,200	271,166	7,414,682
Capital assets being depreciated:				
Buildings and improvements	9,661,762	84,165	-	9,745,927
Furniture/equipment	2,684,601	248,523	15,565	2,917,559
Vehicles	348,896	-	-	348,896
Law enforcement	348,857	-	-	348,857
Total capital assets being depreciated	13,044,116	332,688	15,565	13,361,239
Less accumulated depreciation:				
Buildings and improvements	1,872,343	315,191	-	2,187,534
Furniture/equipment	1,593,230	278,075	15,565	1,855,740
Vehicles	234,771	32,875	-	267,646
Law enforcement	116,580	7,945	-	124,525
Total accumulated depreciation	3,816,924	634,086	15,565	4,435,445
Total capital assets being depreciated, net	9,227,192	(301,398)	-	8,925,794
Right-of-use assets:				
Buildings	3,115,129	-	-	3,115,129
Total right-of-use assets being amortized	3,115,129	-	-	3,115,129
Less accumulated amortization:				
Buildings	831,553	490,820	-	1,322,373
Total accumulated amortization	831,553	490,820	-	1,322,373
Total right-of-use assets being amortized, net	2,283,576	$ (490,820)	$ -	1,792,756
Capital and right-of-use assets, net	$ 14,767,416			$ 18,133,232

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Long-lived assets to be dispose are reported at the lower of carry amount or fair value less cost to sell.

Leases

Lease assets represent the Board's right to use an underlying asset for the lease term and lease liabilities represent the Board's obligation to make lease payments arising from the lease, measured on a discounted basis. The Board determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Board obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Board also considers whether its service arrangements include the right to control the use of an asset.

The Board has made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. Lease expense for such leases is recognized on a straight-line basis over the lease term. For all other leases, they are classified as finance leases.

Finance leases are included in right-of-use (ROU) assets, and lease liabilities (current and non-current) in the statements of net position. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

Finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

Lease terms may include options to extend or terminate the lease. Where management concludes that it is reasonably certain that a renewal or termination option will be exercised, that renewal period or termination option is used to determine the lease term and the related payments that are reflected in the ROU asset and lease liability.

1. Summary of Significant Accounting Policies, continued

Assets, Liabilities, and Net Position, continued

Leases, continued

Lease agreements with lease and non-lease components are generally accounted for separately based upon the standalone price of the separate lease and non-lease components at the commencement date of the lease. The non-lease components generally relate to the separate payments made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance costs associated with the property. The non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

Net Position

Net position consists of the following:

Net investment in capital assets - This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any borrowings or lease liabilities that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted for law enforcement - This applies only when the Board employs its own ABC officer.

Restricted for capital improvements - State law [G.S. 18B-805(d)] requires approval of the appointing authority to establish this account, outside of working capital, for specific capital improvements.

Restricted for working capital - North Carolina Alcoholic Beverage Control Commission Rule [.0902] defines working capital as the total of cash, investments and inventory less all unsecured liabilities. An ABC Board shall set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year (legally required minimum) or greater than: (1) four months of the last fiscal year for boards with gross sales less than $1,500,000; (2) three months of the latest fiscal year for boards with gross sales greater than or equal to $1,500,000 and less than $50,000,000; and (3) two months of the latest fiscal year for boards with gross sales equal to or greater than $50,000,000. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by State law [G.S. 18B-805(b), (2), (3), and (4)].

Unrestricted net position - This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

1. Summary of Significant Accounting Policies, continued

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through September 9, 2026, the date the financial statements were available to be issued.

2. Pension Plan Obligations and Other Post-Employment Benefits

Local Government Employees' Retirement System

Plan Description

The Board is a participating employer in the statewide Local Government Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached aged 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains on the plan.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Benefits Provided

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2026, was 14.40% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were $511,648 and $461,745 for the years ended June 30, 2026 and June 30, 2025, respectively.

Refunds of Contributions

Board employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, the Board reported a liability of $2,060,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025 (measurement date), the Board's proportion was 0.03335%, which was a decrease of 0.00160% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Board recognized pension expense of $502,505. At June 30, 2026, the Board reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 502,590	$ -
Net difference between projected and actual earnings on pension plan investments	-	61,371
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,922	68,308
Employer contributions subsequent to the measurement date	511,648	-
	$ 1,079,160	$ 129,679

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

The Board reported $511,648 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	
2027	$ 483,260
2028	73,254
2029	(42,704)
2030	(75,977)
	$ 437,833

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2020, adopted by the LGERS.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

Actuarial Assumptions, continued

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2026 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0 %	1.4 %
Global equity	42.0 %	5.3 %
Real estate	8.0 %	4.3 %
Alternatives	8.0 %	8.9 %
Credit	7.0 %	6.0 %
Inflation protection	6.0 %	4.0 %
	100.0 %	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Local Government Employees' Retirement System, continued

*Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rat*e. The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Board's proportionate share of what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability	$ 3,929,282	$ 2,060,660	$ 525,042

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

Death Benefits

The Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contribution membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The Board has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the Post Employment benefit amount and the other benefit amount. The Board considers these contributions to be immaterial.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB)

<u>Plan Description</u>

From 1997 until January 16, 2007 the Board had a policy to provide health insurance benefits to retirees. Retirees with at least 30 years of service were provided health insurance at no cost to the retiree through continuing enrollment (employee-only coverage) in the Board's health insurance plan until age 65. At age 65, a supplemental health insurance policy was provided at the Board's cost for the retiree's lifetime. This benefit was also available under certain early retirement elections, but with early retirement the benefit was paid for fully by the retiree and ceased at age 65. On January 16, 2007 the Board terminated the health insurance benefit for future retirees under a 12-year transition plan that ended on June 30, 2019. During the transition plan period (January 16, 2007 to June 30, 2019) retirees may participate in the Board's health insurance plan by paying either a portion or all of the premium but the benefit ceases at age 65. Health benefits for future retirees are fully eliminated for retirements beyond the fiscal year ended June 30, 2019.

<u>Total OPEB Liability</u>

The Board's total OPEB liability of $375,897 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Methods and Assumptions: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees	3.25 to 8.41 percent
Law enforcement officers	3.25 to 7.90 percent
Discount rate	5.20 percent
Healthcare cost trend rates:	
Medicare	5.125% percent for 2024 decreasing to an ultimate rate of 4.50% percent by 2027

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by The Bond Buyer.

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB), continued

Changes in Total OPEB Liability

Balance at June 30, 2025	$	435,816
Changes for the year:		
Interest on total OPEB liability and cash flows		16,567
Difference between expected and actual experience		(15,065)
Changes in assumptions or other inputs		(32,638)
Net benefit payments		(28,783)
Net changes		(59,919)
Balance at June 30, 2026	$	375,897

Changes in assumptions and other inputs reflect a change in the discount rate from 3.93% to 5.20%.

Mortality rates were based on the Pub-2010 Total Data Set for Healthy Annuitants Mortality Table, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a review of recent plan experience performed concurrently with the June 30, 2024 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 401,182	$ 375,897	$ 353,341

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 351,339	$ 375,897	$ 402,975

2. Pension Plan Obligations and Other Post-Employment Benefits, continued

Other Post-Employment Benefits (OPEB), continued

Changes in Total OPEB Liability, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2026, the Board recognized OPEB income of $63,417. At June 30, 2026, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments & administrative costs made subsequent to the measurement date	$ 32,281	$ -

3. Law Enforcement Division

The statements of net position of the Board include land, building improvements, equipment, and motor vehicles of the Law Enforcement Division. However, the depreciation expense for these assets is charged directly to the Law Enforcement Division so as to properly reflect the Division's expenses.

4. Non-current Liabilities

Notes Payable

The Board entered into a loan agreement with Southern First Bank on December 18, 2024 in the amount of $2,065,000, to finance the purchase of land for development of a new warehouse building. The note payable is a 5 year loan with a maturity date of December 2029. Interest accrues on the outstanding principal balance at an annual variable rate of the 1 month CME Term SOFR rate plus a margin of 2.50% and is payable monthly. The interest rate was 6.15% at June 30, 2026. Payments on the loan are interest only until January 2027. The balance on the loan was $2,065,000 at June 30, 2026.

The Board entered into a loan agreement with Southern First Bank on October 2, 2025 in the amount of $2,000,000, to finance the purchase of land for development of a new store. The note payable is a 5 year loan with a maturity date of October 2030. Interest accrues on the outstanding principal balance at an annual variable rate of the 1 month CME Term SOFR rate plus a margin of 2.50% and is payable monthly. The interest rate was 6.12% at June 30, 2026. Payments on the loan are interest only until November 2027. The balance on the loan was $2,000,000 at June 30, 2026.

4. Non-current Liabilities, continued

Notes Payable, continued

Future note payable payments are as follows:

Year ending June 30	Principal	Interest	Total
2027	$ 73,110	$ 279,083	$ 352,193
2028	250,526	268,228	518,754
2029	318,272	247,740	566,012
2030	1,836,073	170,723	2,006,796
2031	1,587,019	35,255	1,622,274
	$ 4,065,000	$ 1,001,029	$ 5,066,029

Changes in Non-current Liabilities

The following is a summary of changes in non-current liabilities reported in the financial statements for the year ended June 30, 2026:

	Beginning Balance	Increases	Decreases	**Ending Balance**	Amounts Due Within One Year
Accrued vacation (net change)	$ 258,453	$ -	$ (29,757)	**$ 228,696**	$ -
Lease liabilities	1,942,209	580,239	(556,684)	**1,965,764**	428,993
Net pension liability	2,356,346	-	(295,686)	**2,060,660**	-
Total OPEB liability	435,816	-	(59,919)	**375,897**	-
Note payable	2,065,000	2,000,000	-	**4,065,000**	73,110
Total non-current liabilities	$ 7,057,824	$ 2,580,239	$ (942,046)	**$ 8,696,017**	$ 502,103

4. Non-current Liabilities, continued

The following is a summary of changes in non-current liabilities reported in the financial statements for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Accrued vacation (net change)	$ 187,544	$ 70,909	$ -	$ 258,453	$ -
Lease liabilities	2,407,231	-	(465,022)	1,942,209	513,630
Net pension liability	2,229,066	127,280	-	2,356,346	-
Total OPEB liability	467,491	-	(31,675)	435,816	-
Note payable	-	2,065,000	-	2,065,000	-
Total non-current liabilities	$ 5,291,332	$ 2,263,189	$ (496,697)	$ 7,057,824	$ 513,630

5. Leases

The Board has entered into lease agreements for buildings for five store locations with terms ranging from 36 months to 120 months, and interest rates ranging from 2.55% to 8.00%. The Board's finance leases do not contain material restrictive covenants or residual value guarantees. The total of the Board's lease assets is recorded at a cost of $3,438,372, less accumulated amortization of $1,654,306.

Some leases include one or more options to renew, generally at the Board's sole discretion, with renewal terms that can extend the lease term. In addition, certain leases contain termination options, where the rights to terminate are held by either the Board, the lessor, or both parties.

The components of lease expense for the years ended June 30, 2026 and 2025, were as follows:

	2026	2025
Finance lease cost:		
Amortization of ROU assets	**$ 481,439**	$ 490,821
Interest on lease liabilities	**168,980**	92,020
Total finance lease cost	**$ 650,419**	$ 582,841

The weighted average remaining lease term for the finance leases as of June 30, 2026 and 2025 was 4.75 and 4.62 years, respectively.

The weighted average discount rate as of June 30, 2026 and 2025 was 4.39% and 4.28%, respectively.

5. Leases, continued

Maturities of lease liabilities as of June 30, 2026 were as follows:

	Leases		
	Principal	Interest	Total
2027	$ 428,993	$ 75,987	$ 504,980
2028	368,587	58,111	426,698
2029	381,983	43,618	425,601
2030	404,244	28,114	432,358
2031	305,842	12,764	318,606
Thereafter	76,115	1,506	77,621
	$ 1,965,764	$ 220,100	$ 2,185,864

6. Vacation and Sick Leave Compensation

Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2026 and 2025 amounted to $228,696 and $258,453, respectively. The current portion of the accumulated vacation pay is not considered to be material.

Employees can accumulate an unlimited amount of sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes. The Board has evaluate the accrued sick leave compensated absences and the amount has been deemed immaterial to the financial statements.

7. Distributions of Profit

North Carolina G.S. 18B-805 requires that the minimum distribution set aside in (c)(1) and any profit remaining after deducting amounts required for law enforcement and alcohol education and retaining proper working capital, be paid quarterly to the appointing authority.

The Board has made distributions as follows for the years ended June 30:

	2026	2025
90% Durham County	**$ 2,097,146**	$ 2,750,000
10% City of Durham	**$ 233,016**	$ 290,000

8. Law Enforcement and Alcohol Education Expenses

The Board is required by law to expend at least 5% of its profits for law enforcement and not less than 7% for alcohol education (alcohol education requirements follows local enabling act). Profits are defined by law for these calculations as change in net position before law enforcement and educational expenses, less the 3.5% markup provided in G.S. 18B-804(b)(5) and the bottle charge provided for in G.S. 18B-804(b)(6b).

	2026	2025
Change in net position before distributions	**$ 4,226,070**	$ 4,452,024
Less: 3.5% tax and bottle charge	**1,666,264**	1,689,952
Profit subject to expense percentages	**$ 2,559,806**	$ 2,762,072
Law enforcement expenditures	**$ 393,926**	$ 571,317
Percentage of profit	**15.39 %**	20.68 %
Provision for alcohol education and rehabilitation	**$ 508,930**	$ 614,829
Percentage of profit	**19.88 %**	22.26 %

9. Disbursement of Taxes Included in Selling Price

A state excise tax at the rate of 30% on the liquor (net sales) price is charged monthly on sales (excluding wine sales). Transactions for this account for the years ending June 30, 2026 and 2025 are summarized as follows:

	2026	2025
Taxes payable, beginning of year	**$ 983,688**	$ 1,034,671
Taxes collected during the year	**13,141,329**	13,363,848
Taxes remitted to Department of Revenue	**(13,101,576)**	(13,414,831)
Taxes payable, end of year	**$ 1,023,441**	$ 983,688

The excise tax is computed in accordance with G.S. 18B-805(i) and is included in state taxes payable in the statements of net position.

The accrued North Carolina excise tax at June 30, 2026 was remitted to the North Carolina Department of Revenue on July 20, 2026.

9. Disbursement of Taxes Included in Selling Price, continued

A bottle charge of one cent on each bottle containing 50 milliliters or less and five cents on each bottle containing more than 50 milliliters is collected and distributed monthly for alcohol education and rehabilitation. For the year ended June 30, 2026 payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	1,974,804 at 5 cents	=	**$ 98,740**
Mixed beverage bottles	448,234 at 5 cents	=	**24,412**
Miniature bottles	918,389 at 1 cent	=	**9,184**
Total payment for the year			**$ 132,336**

For the year ended June 30, 2025 payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	1,964,612 at 5 cents	=	$ 98,231
Mixed beverage bottles	447,894 at 5 cents	=	22,395
Miniature bottles	907,523 at 1 cent	=	9,075
Total payment for the year			$ 129,701

A "mixed beverage tax" as provided for in G.S.18B-804(b)(8) at the rate of $20 per 4 liters is charged on the sale of liquor to be resold as mixed beverages. One-half of the mixed beverage tax is submitted monthly to the NC Department of Revenue. Five percent of the mixed beverage tax is submitted monthly to the NC Department of Health and Human Services.

The mixed beverage tax for the years ending June 30:

	2026	2025
Department of Revenue (50%)	**$ 925,745**	$ 875,186
Department of Health and Human Services (5%)	**92,574**	87,556
Profit retained and remitted to local government (45%)	**833,171**	787,630
	$ 1,851,490	$ 1,750,372

10. Surcharge Collected

The total amount of surcharge collected for the years June 30, 2026 and 2025 was $309,227 and $300,890, respectively. The bailment surcharge rate is $1.15 per case.

11. Liquor Sales Tax

The amount of sales tax collected by the Board and remitted to the Department of Revenue for the years ended June 30, 2026 and 2025 was $3,325,255 and $3,414,222, respectively. The current sales tax rate is 7%. This tax is collected as agent for the State in each sales transaction and remitted each month to the State. This tax is not shown in the schedules of revenues, expenses, and changes in net position.

12. Retail Outlets

The Board operated ten retail outlets with two of the locations offering mixed beverage.

		Gross Sales Year ended June 30,		Change in Net Position Year ended June 30,	
Store #	Store Address	**2026**	2025	**2026**	2025
1	1928 Holloway St.	**$ 4,500,997**	$ 4,709,935	**$ 405,830**	$ 476,737
3	2806 Hillsborough Rd.	**5,110,533**	5,297,376	**633,326**	688,911
4	2525 Page Rd.	**5,747,115**	5,329,977	**712,451**	559,571
5	115 Sherron Rd.	**3,374,542**	3,415,178	**169,705**	187,997
7	1517 Glenn School Rd.	**2,334,519**	2,443,093	**(231,777)**	(197,723)
8	5122 N. Roxboro Rd.	**4,225,291**	4,374,973	**283,778**	290,110
10	5608 Highway 55	**15,086,460**	14,220,210	**2,438,939**	2,221,416
11	3620 Chapel Hill Blvd	**10,948,297**	11,859,587	**1,815,348**	2,084,525
12	1515 North Pointe Dr.	**4,868,446**	5,232,156	**298,533**	395,469
14	1112 NC-54	**4,843,935**	5,028,180	**351,486**	383,734
		$ 61,040,135	$ 61,910,665	**$ 6,877,619**	$ 7,090,747

13. Working Capital

The Board is required by the Alcoholic Beverage Control Commission rule [.0902] to set its working capital requirements at not less than two weeks average gross sales of the last fiscal year. (Gross sales are gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4)).

	2026	2025
Minimum amount	**$ 1,797,929**	$ 1,825,093
Maximum amount	**$ 11,686,538**	$ 11,863,107
Actual amount	**$ 9,664,457**	$ 10,033,745

The Board has met the minimum amount of working capital required by ABC law as shown above.

14. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has commercial property, general liability, auto liability, workmen's compensation, data breach, flood, wind and hail, public officials liability/employment practice and employee health coverage. The Board also has liquor legal liability coverage.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of $50,000, secured by a corporate surety

15. Contingencies and Commitments

The Board entered into a service contract with the NC State Bureau of Investigations, Alcohol Law Enforcement Branch (ALE) for the ALE to provide law enforcement of the ABC laws within Durham County. The contract extends through the year ending June 30, 2028 with the Board agreeing to pay $92,800 per quarter for the year ending June 30, 2027 and $95,584 per quarter for the year ending June 30, 2028.

Required Supplementary Information

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information

Last Ten Fiscal Years*

Local Government Employees' Retirement System

	2026	2025	2024	2023	2022
ABC Board's proportion of the net pension liability (asset) (%)	**0.0334 %**	0.0350 %	0.0336 %	0.0288 %	0.0306 %
ABC Board's proportion of the net pension liability (asset) ($)	**$ 2,060,660**	$ 2,356,346	$ 2,229,066	$ 1,626,424	$ 469,280
ABC Board's covered-employee payroll	**$ 3,392,239**	$ 3,192,461	$ 3,050,620	$ 2,608,382	$ 2,410,876
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	**60.75 %**	73.81 %	73.07 %	62.35 %	19.47 %
Plan fiduciary net position as a percentage of the total pension liability**	**85.68 %**	83.30 %	82.49 %	84.14 %	91.63 %

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**This will be the same percentage for all participant employers in the LGERs plan.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Proportionate Share of Net Pension Liability (Asset), continued

Required Supplementary Information

Last Ten Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017
ABC Board's proportion of the net pension liability (asset) (%)	0.0264 %	0.0297 %	0.0328 %	0.0303 %	0.0295 %
ABC Board's proportion of the net pension liability (asset) ($)	$ 943,384	$ 811,357	$ 778,128	$ 462,595	$ 625,664
ABC Board's covered-employee payroll	$ 2,153,404	$ 2,299,853	$ 2,253,249	$ 2,164,534	$ 1,919,632
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.81 %	35.28 %	34.53 %	21.37 %	32.59 %
Plan fiduciary net position as a percentage of the total pension liability**	88.61 %	90.86 %	91.63 %	94.18 %	91.45 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions

Required Supplementary Information

Last Ten Fiscal Years

Local Government Employees' Retirement System

	2026	2025	2024	2023	2022
Contractually required contribution	**$ 511,648**	$ 461,745	$ 420,372	$ 371,457	$ 298,824
Contribution in relation to the contractually required contribution	**511,648**	461,745	420,372	371,457	298,824
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
ABC Board's covered-employee payroll	**$ 3,597,078**	$ 3,392,239	$ 3,192,461	$ 3,050,620	$ 2,608,382
Contributions as a percentage of covered-employee payroll	**14.22 %**	13.61 %	13.17 %	12.18 %	11.46 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions, continued

Required Supplementary Information

Last Ten Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017
Contractually required contribution	$ 248,025	$ 194,561	$ 181,112	$ 171,914	$ 160,184
Contribution in relation to the contractually required contribution	248,025	194,561	181,112	171,914	160,184
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
ABC Board's covered-employee payroll	$ 2,410,876	$ 2,153,404	$ 2,299,853	$ 2,253,249	$ 2,164,534
Contributions as a percentage of covered-employee payroll	10.29 %	9.04 %	7.87 %	7.63 %	7.40 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Nine Fiscal Years

	2026	2025	2024	2023	2022
Interest on total OPEB liability and cash flows	**$ 16,567**	$ 16,425	$ 16,881	$ 11,503	$ 12,582
Difference between expected and actual experience	**(15,065)**	(7,987)	(1,713)	29,669	173
Changes of assumptions or other inputs	**(32,638)**	(4,814)	(3,923)	(56,937)	(10,126)
Benefit payments	**(28,783)**	(35,299)	(40,879)	(39,097)	(39,718)
Net change in total OPEB liability	**(59,919)**	(31,675)	(29,634)	(54,862)	(37,089)
Total OPEB liability, beginning	**435,816**	467,491	497,125	551,987	589,076
Total OPEB liability, ending	**$ 375,897**	$ 435,816	$ 467,491	$ 497,125	$ 551,987
Covered payroll	**$ -**	$ -	$ -	$ -	$ -
Total OPEB liability as a percentage of covered payroll	**- %**	- %	- %	- %	- %

Notes to Schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Year	Rate	Year	Rate
2026	**5.20 %**	2021	2.21 %
2025	3.93 %	2020	3.50 %
2024	3.65 %	2019	3.89 %
2023	3.54 %	2018	3.56 %
2022	2.16 %		

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Changes in the Total OPEB Liability and Related Ratios, continued

Last Nine Fiscal Years

	2021	2020	2019	2018
Interest on total OPEB liability and cash flows	$ 19,077	$ 21,304	$ 20,905	$ -
Difference between expected and actual experience	(17,100)	(1,996)	343	-
Changes of assumptions or other inputs	60,695	18,653	(146,293)	16,988
Benefit payments	(36,990)	-	(43,786)	(43,786)
Net change in total OPEB liability	25,682	37,961	(168,831)	(26,798)
Total OPEB liability, beginning	563,394	525,433	694,264	721,062
Total OPEB liability, ending	$ 589,076	$ 563,394	$ 525,433	$ 694,264
Covered payroll	$ -	$ -	$ 2,299,853	$ 2,253,249
Total OPEB liability as a percentage of covered payroll	- %	- %	22.85 %	30.81 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions

Required Supplementary Information

Last Nine Fiscal Years

Total OPEB Liability

	2026	2025	2024	2023	2022
Contractually required contribution	**$ 28,783**	$ 35,299	$ 40,879	$ 39,097	$ 39,718
Contributions in relation to the contractually required contribution	**28,783**	35,299	40,879	39,097	39,718
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
ABC Board's covered-employee payroll	**$ -**	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	**- %**	- %	- %	- %	- %

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

ABC Board's Contributions, continued

Required Supplementary Information

Last Nine Fiscal Years

Total OPEB Liability

	2021	2020	2019	2018
Contractually required contribution	$ 36,990	$ -	$ 43,786	$ 43,786
Contributions in relation to the contractually required contribution	36,990	-	43,786	43,786
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
ABC Board's covered-employee payroll	$ -	$ -	$ 2,299,853	$ 2,253,249
Contributions as a percentage of covered-employee payroll	- %	- %	1.90 %	1.94 %

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Notes to the Required Supplementary Information

Changes in Assumptions

Local Government Employees' Retirement System

In fiscal year 2026, there were no changes in actuarial assumptions.

In fiscal year 2025, there were no changes in actuarial assumptions.

In fiscal year 2024, the inflation rate decreased from 3.00 to 2.50%. Salary increases decreased from a range of 3.50% - 8.10% to 3.25% - 8.41%. Investment rate of return decreased from 7.00%, net of pension plan investment expense, to 6.50%.

In fiscal year 2023, there were no changes in actuarial assumptions.

In fiscal year 2022, there were no changes in actuarial assumptions.

In fiscal year 2021, there were no changes in actuarial assumptions.

In fiscal year 2020, there were no changes in actuarial assumptions.

In fiscal year 2019, investment rate of return decreased from 7.20%, net of pension plan investment expense, to 7.00%. There were no other changes in actuarial assumptions.

In fiscal year 2018, salary increases increased from a range of 3.50% - 7.75% to 3.50% - 8.10%. Investment rate of return decreased from 7.25%, net of pension plan investment expense, to 7.20%. There were no other changes in actuarial assumptions.

In fiscal year 2017, salary increases decreased from a range of 4.25% - 8.55% to 3.50% - 7.75%. There were no other changes in actuarial assumptions.

Other Post-Employment Benefit Plan

In fiscal year 2026, the discount rate increased from 3.93% to 5.20%. There were no changes in assumptions concerning medical trends, salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

In fiscal year 2025, the discount rate increased from 3.65% to 3.93%. The medical trend assumption was reset to 5.125% trending down to an ultimate rate of 4.50% by 2027 post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

In fiscal year 2024, the discount rate increased from 3.54% to 3.65%. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes in Assumptions, continued

Other Post-Employment Benefit Plan, continued

In fiscal year 2023, the discount rate increased from 2.16% to 3.54%. The medical trend assumption was reset to 5.25% trending down to an ultimate rate of 4.50% by 2025 post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

In fiscal year 2022, the discount rate decreased from 2.21% to 2.16%. Salary increases were reset to 3.25% - 8.41% for general employees and 3.25% - 7.90% for law enforcement officers. There were no changes in assumptions concerning mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

In fiscal year 2021, the discount rate decreased from 3.50% to 2.21%. The medical trend assumption was reset to 7.00% for 2020 trending down to an ultimate rate of 4.50% by 2030 for pre-65 retirees and 5.25% for 2020 trending down to an ultimate rate of 4.50% by 2024 for post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, and retirement coverage.

In fiscal year 2020, the discount rate decreased from 3.89% to 3.50%. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rates.

In fiscal year 2019, the discount rate increased from 3.56% to 3.89%. The medical trend assumption was reset to 7.25% for 2018 trending down to an ultimate rate of 4.75% by 2028 for pre-65 retirees and 5.38% for 2018 trending down by to an ultimate rate of 4.75% by 2022 for post-65 retirees. There were no changes in assumptions concerning salary increases, mortality rates, termination rates, retirement rates, retirement coverage, and medical trend rate.

In fiscal year 2018, the discount rate was set at 3.56%. Inflation was set at 2.50% with salary increases of 3.50% to 7.35%. The medical trend assumption was set at 7.50% for 2017 trending down to an ultimate rate of 5.00% by 2023 for pre-65 retirees and 5.50% for 2017 trending down to an ultimate rate of 5.00% by 2020 for post-65 retirees.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Revenues and Store, Warehouse, and Administrative Expenses
Year ended June 30, 2026

	Store 1	Store 3	Store 4	Store 5	Store 7	Store 8	Store 10
Gross sales:							
Liquor sales - regular	$ 4,500,195	$ 5,105,495	$ 5,744,745	$ 3,373,040	$ 2,334,040	$ 4,222,079	$ 7,267,157
Mixed beverage sales	-	-	-	-	-	-	7,815,590
Wine sales	802	5,038	2,370	1,502	479	3,212	3,713
Total gross sales	4,500,997	5,110,533	5,747,115	3,374,542	2,334,519	4,225,291	15,086,460
Deduct taxes on gross sales:							
State excise tax	968,841	1,099,221	1,237,089	726,355	502,617	909,162	3,249,996
Mixed beverage tax (revenue)	-	-	-	-	-	-	548,032
Mixed beverage tax (human resources)	-	-	-	-	-	-	54,803
Rehabilitation tax	9,756	11,068	12,433	7,303	5,054	9,143	32,795
Wine sales tax	54	341	160	102	32	217	251
Total taxes on gross sales	978,651	1,110,630	1,249,682	733,760	507,703	918,522	3,885,877
Net sales	3,522,346	3,999,903	4,497,433	2,640,782	1,826,816	3,306,769	11,200,583
Cost of sales	2,385,564	2,717,026	3,033,549	1,832,454	1,313,500	2,248,079	7,639,997
Gross profit on sales	1,136,782	1,282,877	1,463,884	808,328	513,316	1,058,690	3,560,586
Operating expenses:							
Salaries and wages	294,276	290,811	322,607	282,097	252,124	261,382	486,067
FICA taxes	22,814	22,703	24,589	21,166	18,811	19,601	37,352
Pension expense	29,878	29,560	28,744	26,864	29,527	24,489	47,792
401(k) expense	2,883	7,003	2,590	4,369	4,114	3,650	10,602
Life insurance	552	621	574	523	582	462	1,036
Hospital insurance	41,752	56,928	40,649	42,658	50,404	40,835	71,797
Disability insurance	1,904	2,307	2,027	1,962	2,100	1,775	3,092
Dental insurance	2,476	4,316	3,120	3,012	3,252	2,866	5,156
Vision insurance	337	501	430	390	415	377	693
Utilities	15,605	13,693	13,842	17,162	8,099	20,854	23,519
Telephone	6,026	4,923	9,151	4,965	4,276	5,005	6,653
Credit card expenses	48,416	73,560	82,887	45,087	27,353	52,486	134,178
Insurance - general	8,891	8,891	8,975	8,975	8,975	8,975	17,934
Supplies	10,558	12,561	16,082	8,328	5,932	9,845	489
Travel expense	-	-	-	-	-	37	-
Store security	136,000	48,158	19,650	17,201	125,419	47,986	50,718
Safe deposit	7,281	7,281	7,377	7,281	7,281	7,281	7,281
Maintenance agreements	18,250	18,250	18,250	18,250	18,544	18,250	33,619
Building maintenance	10,115	16,212	12,146	16,711	34,681	84,654	23,742
Postage	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Per diem - Board members	-	-	-	-	-	-	-
Yard maintenance	5,884	5,884	800	7,264	-	-	5,884
Security - alarm contracts	1,308	1,948	2,120	2,336	1,166	1,812	1,257
Vehicle expense	-	-	-	-	-	-	936
Gas and oil	-	-	-	-	-	-	1,511
Waste disposal	7,005	928	2,223	12,009	5,017	12,422	9,284
Bottled water	737	514	527	572	618	660	940
Staff training and development	-	-	-	-	-	-	-
Minor equipment	1,006	1,728	1,570	-	319	3,821	59
Interest expense	-	-	4,981	-	10,590	13,606	-
Total operating expenses	673,954	629,281	625,911	549,182	619,599	643,131	981,591
Depreciation	56,998	20,270	82,689	89,441	39,626	27,636	140,056
Amortization	-	-	42,833	-	85,868	104,145	-
Total expenses	730,952	649,551	751,433	638,623	745,093	774,912	1,121,647
Income (loss) from operations	405,830	633,326	712,451	169,705	(231,777)	283,778	2,438,939
Non-operating revenues (expenses)	-	-	-	-	-	-	-
Change in net position before profit distributions	$ 405,830	$ 633,326	$ 712,451	$ 169,705	$ (231,777)	$ 283,778	$ 2,438,939

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

(A Component Unit of Durham County Government)

Schedule of Revenues and Store, Warehouse, and Administrative Expenses, continued

Year ended June 30, 2026

	Store 11	Store 12	Store 14	Subtotal	Warehouse	Administrative	Total
Gross sales:							
Liquor sales - regular	$ 5,551,895	$ 4,864,548	$ 4,840,179	$ 47,803,373	$ -	$ -	$ 47,803,373
Mixed beverage sales	5,391,577	-	-	13,207,167	-	-	13,207,167
Wine sales	4,825	3,898	3,756	29,595	-	-	29,595
Total gross sales	10,948,297	4,868,446	4,843,935	61,040,135	-	-	61,040,135
Deduct taxes on gross sales:							
State excise tax	2,358,181	1,047,556	1,042,311	13,141,329	-	-	13,141,329
Mixed beverage tax (revenue)	377,713	-	-	925,745	-	-	925,745
Mixed beverage tax (human resources)	37,771	-	-	92,574	-	-	92,574
Rehabilitation tax	23,778	10,529	10,477	132,336	-	-	132,336
Wine sales tax	326	264	254	2,001	-	-	2,001
Total taxes on gross sales	2,797,769	1,058,349	1,053,042	14,293,985	-	-	14,293,985
Net sales	8,150,528	3,810,097	3,790,893	46,746,150	-	-	46,746,150
Cost of sales	5,269,500	2,578,042	2,564,761	31,582,472	-	-	31,582,472
Gross profit on sales	2,881,028	1,232,055	1,226,132	15,163,678	-	-	15,163,678
Operating expenses:							
Salaries and wages	481,500	306,532	311,146	3,288,542	510,741	790,936	4,590,219
FICA taxes	35,351	22,911	23,921	249,219	38,930	60,317	348,466
Pension expense	46,817	31,071	30,475	325,217	65,816	111,472	502,505
401(k) expense	8,601	5,469	4,052	53,333	11,743	30,691	95,767
Life insurance	1,025	595	616	6,586	1,176	1,773	9,535
Hospital insurance	98,766	41,038	51,851	536,678	84,489	165,529	786,696
Disability insurance	3,551	2,123	2,243	23,084	4,970	7,775	35,829
Dental insurance	6,979	2,731	3,609	37,517	5,596	9,754	52,867
Vision insurance	897	409	478	4,927	754	1,409	7,090
Utilities	21,533	13,859	20,357	168,523	17,923	8,708	195,154
Telephone	5,716	4,920	6,869	58,504	7,123	11,990	77,617
Credit card expenses	114,700	65,294	71,243	715,204	-	-	715,204
Insurance - general	17,934	8,975	24,430	122,955	35,161	11,720	169,836
Supplies	26,189	12,928	10,650	113,562	5,293	21,656	140,511
Travel expense	-	-	-	37	-	37,822	37,859
Store security	51,050	133,024	17,359	646,565	-	1,190	647,755
Safe deposit	7,281	7,281	7,278	72,903	-	-	72,903
Maintenance agreements	32,755	18,305	18,198	212,671	25,488	29,575	267,734
Building maintenance	11,608	64,903	53,907	328,679	25,820	33,815	388,314
Postage	-	-	-	-	-	4,215	4,215
Professional services	-	-	-	-	-	137,419	137,419
Per diem - Board members	-	-	-	-	-	27,300	27,300
Yard maintenance	5,884	-	10,276	41,876	5,884	-	47,760
Security - alarm contracts	1,483	852	1,360	15,642	1,494	1,885	19,021
Vehicle expense	-	-	-	936	8,577	9,592	19,105
Gas and oil	-	-	-	1,511	9,231	4,010	14,752
Waste disposal	15,556	5,978	11,631	82,053	1,824	565	84,442
Bottled water	633	669	503	6,373	591	478	7,442
Staff training and development	-	-	-	-	-	14,468	14,468
Minor equipment	649	448	1,125	10,725	1,201	2,072	13,998
Interest expense	-	22,369	31,857	83,403	134,681	85,577	303,661
Total operating expenses	996,458	772,684	715,434	7,207,225	1,004,506	1,623,713	9,835,444
Depreciation	69,222	30,911	40,546	597,395	46,166	30,388	673,949
Amortization	-	129,927	118,666	481,439	-	-	481,439
Total expenses	1,065,680	933,522	874,646	8,286,059	1,050,672	1,654,101	10,990,832
Income (loss) from operations	1,815,348	298,533	351,486	6,877,619	(1,050,672)	(1,654,101)	4,172,846
Non-operating revenues (expenses)	-	-	-	-	-	53,224	53,224
Change in net position before profit distributions	$ 1,815,348	$ 298,533	$ 351,486	$ 6,877,619	$ (1,050,672)	$ (1,600,877)	$ 4,226,070

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Store, Warehouse, and Administrative Expenses
Year ended June 30, 2025

	Store 1	Store 3	Store 4	Store 5	Store 7	Store 8	Store 10
Operating expenses:							
Salaries and wages	$ 276,903	$ 274,869	$ 293,641	$ 256,932	$ 261,781	$ 248,324	$ 458,764
FICA taxes	20,639	20,321	22,075	19,710	18,705	18,577	34,221
Pension expense	46,223	43,818	44,462	38,930	44,907	39,356	75,431
401(k) expense	3,443	4,602	2,298	4,439	4,969	2,909	9,198
Life insurance	612	868	751	581	708	521	1,074
Hospital insurance	41,057	45,928	55,165	36,967	61,127	33,767	80,918
Disability insurance	1,854	2,593	2,269	1,972	2,342	1,996	3,294
Dental insurance	2,443	2,581	4,018	1,890	2,996	2,207	5,525
Vision insurance	319	306	534	280	437	286	849
Utilities	17,237	17,994	15,876	19,741	8,448	23,901	30,791
Telephone	1,324	1,324	1,324	1,324	1,334	1,324	2,024
Credit card expenses	49,827	76,310	76,356	43,598	29,409	54,403	136,378
Insurance - general	8,513	8,513	8,513	8,513	8,513	8,513	17,044
Supplies	13,966	15,323	15,803	10,013	13,777	12,429	38,525
Travel expense	-	-	135	-	-	5	-
Store security	88,375	32,209	12,198	12,303	88,708	31,876	31,999
Safe deposit	6,846	6,846	6,846	6,846	6,885	6,846	6,846
Maintenance agreements	18,678	18,682	18,682	18,668	19,157	18,677	34,161
Building maintenance	8,823	11,567	47,307	10,986	35,001	88,270	15,841
Postage	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Per diem - Board members	-	-	-	-	-	-	-
Yard maintenance	4,839	4,839	986	6,334	-	-	4,839
Security - alarm contracts	879	769	629	824	1,666	1,433	1,114
Vehicle expense	-	-	-	-	-	-	343
Gas and oil	-	-	-	-	-	-	1,648
Waste disposal	5,900	957	-	9,840	5,001	10,936	8,348
Bottled water	730	546	501	650	669	626	757
Staff training and development	-	-	-	-	-	-	-
Minor equipment	64	1,295	349	600	5,878	137	2,819
Interest expense	-	-	14,941	-	16,567	16,446	-
Total operating expenses	619,494	593,060	645,659	511,941	638,985	623,765	1,002,751
Depreciation	57,038	33,955	32,118	77,883	37,114	29,047	142,785
Amortization	-	-	81,059	-	72,876	104,145	-
Total expenses	$ 676,532	$ 627,015	$ 758,836	$ 589,824	$ 748,975	$ 756,957	$ 1,145,536

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)
Schedule of Store, Warehouse, and Administrative Expenses, continued
Year ended June 30, 2025

	Store 11	Store 12	Store 14	Subtotal	Warehouse	Administrative	Total
Operating expenses:							
Salaries and wages	$ 452,643	$ 269,724	$ 301,082	$ 3,094,663	$ 483,967	$ 975,131	$ 4,553,761
FICA taxes	33,566	20,595	22,563	230,972	36,275	71,314	338,561
Pension expense	70,322	46,736	47,417	497,602	98,665	165,364	761,631
401(k) expense	7,453	3,102	2,430	44,843	11,495	24,423	80,761
Life insurance	975	771	817	7,678	1,560	2,886	12,124
Hospital insurance	91,235	62,415	44,829	553,408	82,046	165,043	800,497
Disability insurance	2,936	2,300	2,441	23,997	4,934	8,469	37,400
Dental insurance	5,570	3,903	3,452	34,585	5,128	9,427	49,140
Vision insurance	751	530	471	4,763	732	1,405	6,900
Utilities	25,757	20,110	23,608	203,463	23,129	16,642	243,234
Telephone	1,425	1,484	1,321	14,208	2,610	7,333	24,151
Credit card expenses	115,246	70,388	74,377	726,292	-	-	726,292
Insurance - general	17,044	8,513	17,045	110,724	33,766	11,259	155,749
Supplies	4,080	15,945	16,667	156,528	2,366	17,364	176,258
Travel expense	21	-	-	161	-	50,406	50,567
Store security	31,736	87,378	12,598	429,380	-	-	429,380
Safe deposit	6,846	6,846	6,848	68,501	-	-	68,501
Maintenance agreements	35,014	18,684	22,661	223,064	21,272	23,728	268,064
Building maintenance	18,057	54,168	68,255	358,275	14,401	24,081	396,757
Postage	-	-	-	-	-	4,130	4,130
Professional services	-	-	-	-	-	131,879	131,879
Per diem - Board members	-	-	-	-	-	27,300	27,300
Yard maintenance	4,839	-	8,805	35,481	4,839	-	40,320
Security - alarm contracts	629	414	3,666	12,023	920	1,130	14,073
Vehicle expense	412	-	-	755	8,886	7,342	16,983
Gas and oil	289	-	-	1,937	9,241	3,458	14,636
Waste disposal	13,247	4,755	11,851	70,835	1,880	518	73,233
Bottled water	550	643	499	6,171	554	459	7,184
Staff training and development	-	-	-	-	-	27,806	27,806
Minor equipment	834	574	4,338	16,888	1,153	2,338	20,379
Interest expense	-	26,017	18,049	92,020	71,397	-	163,417
Total operating expenses	941,477	725,995	716,090	7,019,217	921,216	1,780,635	9,721,068
Depreciation	70,226	29,470	37,971	547,607	47,440	31,092	626,139
Amortization	-	129,927	102,814	490,821	-	-	490,821
Total expenses	$ 1,011,703	$ 885,392	$ 856,875	$ 8,057,645	$ 968,656	$ 1,811,727	$ 10,838,028

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Schedule of Distributions of Profits

Year ended June 30, 2026

Distribution	Recipient	Amount	Date of Distribution	Restrictions on Use
Law Enforcement	NC State Bureau of Investigation - ALE	$ 393,926	7/1/25-6/30/26	Law Enforcement
Alcohol Education	Jubilee Home	$ 29,000	7/1/25-6/30/26	Alcohol Education
	Urban Ministries of Durham	48,000	7/1/25-6/30/26	Alcohol Education
	El Futuro, Inc.	64,000	7/1/25-6/30/26	Alcohol Education
	Lincoln Community Health Center	48,000	7/1/25-6/30/26	Alcohol Education
	Durham Justice Services Department	69,000	7/1/25-6/30/26	Alcohol Education
	Boys & Girls Club of Durham & Orange County	15,000	7/1/25-6/30/26	Alcohol Education
	LIFE Skills Foundation	28,000	7/1/25-6/30/26	Alcohol Education
	Project Access of Durham County	24,000	7/1/25-6/30/26	Alcohol Education
	Purpose Learning Lab	48,000	7/1/25-6/30/26	Alcohol Education
	Durham Proud Program	39,000	7/1/25-6/30/26	Alcohol Education
	Student U	48,000	7/1/25-6/30/26	Alcohol Education
	Stand Up, Speak Out	10,000	7/1/25-6/30/26	Alcohol Education
	Exchange Club Center	10,000	7/1/25-6/30/26	Alcohol Education
	Durham Crisis Response	10,000	7/1/25-6/30/26	Alcohol Education
	Shining Light in Darkness	10,000	7/1/25-6/30/26	Alcohol Education
	Grant advertising	8,930	7/1/25-6/30/26	Alcohol Education
	Total	$ 508,930		
County and Municipality*	City of Durham	$ 233,016	7/1/25-6/30/26	None
	Durham County	2,097,146	7/1/25-6/30/26	None
	Total	$ 2,330,162		

*Payments to the county and municipality are made quarterly.

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

(A Component Unit of Durham County Government)

Reconciliation of Budget to Actual

Year ended June 30, 2026

	Original Budget	Revised Budget	Actual	Variance
Revenues:				
Gross sales:				
Liquor sales-regular	$50,004,510	$47,975,685	$47,803,373	$ (172,312)
Mixed beverage sales	13,404,197	12,995,000	13,207,167	212,167
Wine sales	31,711	29,315	29,595	280
Total gross sales	63,440,418	61,000,000	61,040,135	40,135
Non-operating revenues and expenses:				
Interest income	50,000	90,000	76,448	(13,552)
Other expense	-	-	(23,224)	(23,224)
Total revenues	63,490,418	61,090,000	61,093,359	3,359
Expenditures:				
Total taxes based on revenue:				
State excise tax	13,723,811	13,191,038	13,141,329	49,709
Mixed beverage tax (revenue)	872,304	894,142	925,745	(31,603)
Mixed beverage tax (human resources)	87,234	89,414	92,574	(3,160)
Rehabilitation tax	131,331	130,272	132,336	(2,064)
Wine sales tax	2,259	1,982	2,001	(19)
Total taxes based on revenue	14,816,939	14,306,848	14,293,985	12,863
Cost of goods sold	32,440,436	31,325,495	31,582,472	256,977
Operating expenses:				
Personnel expenses	6,965,145	6,435,053	6,428,974	6,079
Facilities expenses	1,055,356	1,251,956	1,115,969	135,987
Supplies and materials	282,890	183,510	166,166	17,344
Contract/professional services	269,612	138,416	137,419	997
Repairs and maintenance	311,240	261,020	301,591	(40,571)
Credit card fees	875,042	722,155	715,204	6,951
Travel, training, and development	110,551	57,532	52,327	5,205
Other operating expenses	1,099,828	932,417	917,794	14,623
Miscellaneous-contingency	110,000	60,000	-	60,000
Total operating expenses	11,079,664	10,042,059	9,835,444	206,615
Capital outlay	1,450,000	1,935,000	3,857,742	(1,922,742)
Total expenditures	$59,787,039	$57,609,402	$59,569,643	$ (1,960,241)

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD
(A Component Unit of Durham County Government)

Reconciliation of Budget to Actual, continued

Year ended June 30, 2026

	Original Budget	Revised Budget	Actual	Variance
Distributions:				
Law enforcement	$ 400,000	$ 382,000	$ 393,926	$ (11,926)
Alcohol education/rehabilitation	525,000	510,800	508,930	1,870
County and municipal	2,425,548	2,336,917	2,330,162	6,755
Total distributions	3,350,548	3,229,717	3,233,018	(3,301)
Total expenditures and distributions	63,137,587	60,839,119	62,802,661	(1,963,542)
Revenues over (under) expenditures	352,831	250,881	(1,709,302)	1,966,901
Other financing sources (uses):				
Working capital retained	(352,831)	(250,881)	-	-
Revenues over expenditures and other financing users	$ -	$ -	$ (1,709,302)	$ 1,966,901

Reconciliation from budgetary basis (modified accrual) to full accrual:

	Actual
Reconciling items:	
Depreciation and amortization	$ (1,155,388)
Capital outlay	3,857,742
Total	2,702,354
Change in net position	$ 993,052