



Financial Statements
and Supplementary Information

for

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

Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

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Independent Auditor's Report

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

Opinion

We have audited the 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, 2025 and 2024, 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 (the "financial statements").

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2025 and 2024, 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 (GAAS). 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.

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 opinion. 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 GAAS 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 GAAS, 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 GAAS, 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 audit 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 audit 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Dean Dotson Allen Ford, PLLC

Raleigh, North Carolina
September 12, 2025

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

Management's Discussion and Analysis

(Unaudited)

This section of Durham County Alcoholic Beverage Control (ABC) Board's (the Board) financial report represents management's discussion and analysis of the financial performance of the Board for the years ended June 30, 2025 and 2024. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- Working capital decreased approximately 6.40% over the prior year.
- Change in net position before profit distributions decreased 38.24% from the prior year.
- 12.83% of profits before distributions were expended for law enforcement in the current year.
- 13.81% of profits before distributions were expended for alcohol education in the current year.
- 4.91% of gross sales were distributed to the City of Durham and Durham County governmental units in the current year.

Overview of the Financial Statements

The financial statements of the Board consist of three 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 provide more detailed information and should be read in conjunction with the financial statements.

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

Management's Discussion and Analysis, continued

(Unaudited)

Overview of the Financial Statements, continued

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.**

Financial Analysis of Durham County ABC Board

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities and deferred inflows by \$25,044,553 in 2025, by \$24,818,675 in 2024, and by \$22,522,011 in 2023. The largest component of net position was the investment in capital assets. It was 56% of the total net position for 2025, 50% for 2024, and 56% for 2023. Following is a summary of the statement of net position as of June 30:

Table 1
Condensed Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>\$ Change This Yr over Last Yr</u>	<u>% Change This Yr over Last Yr</u>
Current assets	\$ 17,371,433	\$ 18,040,485	\$ 15,297,022	\$ (669,052)	(3.71)%
Non-current assets	18,133,232	14,767,416	14,521,205	3,365,816	22.79 %
Deferred outflows of resources	<u>1,341,059</u>	<u>1,557,970</u>	<u>1,242,541</u>	<u>(216,911)</u>	(13.92)%
Total assets and deferred outflows of resources	<u>\$ 36,845,724</u>	<u>\$ 34,365,871</u>	<u>\$ 31,060,768</u>	<u>\$ 2,479,853</u>	7.22 %
Current liabilities	\$ 5,244,142	\$ 4,695,421	\$ 4,600,809	\$ 548,721	11.69 %
Non-current liabilities	6,544,194	4,826,310	3,921,148	1,717,884	35.59 %
Deferred inflows of resources	<u>12,835</u>	<u>25,465</u>	<u>16,800</u>	<u>(12,630)</u>	(49.60)%
Total liabilities and deferred inflows of resources	<u>\$ 11,801,171</u>	<u>\$ 9,547,196</u>	<u>\$ 8,538,757</u>	<u>\$ 2,253,975</u>	23.61 %
Net position:					
Net investment in capital assets	\$ 14,126,023	\$ 12,360,185	\$ 12,598,647	\$ 1,765,838	14.29 %
Restricted net position	1,825,093	1,837,568	1,835,092	(12,475)	(0.68)%
Unrestricted net position	<u>9,093,437</u>	<u>10,620,922</u>	<u>8,088,272</u>	<u>(1,527,485)</u>	(14.38)%
Total net position	<u>\$ 25,044,553</u>	<u>\$ 24,818,675</u>	<u>\$ 22,522,011</u>	<u>\$ 225,878</u>	0.91 %

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

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

For June 30, 2025, the increase in assets over the prior year was largely due to current year profitability and purchases of capital assets. The increase in liabilities compared to the prior year was driven by financing a portion of purchases of capital assets by securing a note payable.

For June 30, 2024, the increase in assets over the prior year was largely due to fiscal year profitability and an increase in investments, right-of-use assets, and inventory. The increase in liabilities compared to the prior year was driven by an increase in lease liabilities and net pension liability.

Net position as of June 30, 2025 increased by 0.91% from June 30, 2024 compared to a 10.20% increase between 2024 and 2023. Income from operations decreased by 32.54% over the prior year and decreased by 12.08% between 2024 and 2023. Following is a summary of the changes in net position for the years ended June 30:

Table 2

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

	2025	2024	2023	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Gross sales	\$ 61,910,665	\$ 62,307,588	\$ 62,228,353	\$ (396,923)	(0.64)%
Less: taxes on gross sales	<u>14,458,236</u>	<u>14,530,818</u>	<u>14,515,962</u>	<u>(72,582)</u>	(0.50)%
Net sales	47,452,429	47,776,770	47,712,391	(324,341)	(0.68)%
Less: cost of sales	<u>32,304,037</u>	<u>31,834,882</u>	<u>31,912,274</u>	<u>469,155</u>	1.47 %
Gross profit	15,148,392	15,941,888	15,800,117	(793,496)	(4.98)%
Less: operating expenses	<u>10,838,028</u>	<u>9,552,434</u>	<u>8,533,129</u>	<u>1,285,594</u>	13.46 %
Income from operations	4,310,364	6,389,454	7,266,988	(2,079,090)	(32.54)%
Non-operating revenues (expenses), net	<u>141,660</u>	<u>175,495</u>	<u>115,983</u>	<u>(33,835)</u>	(19.28)%
Change in net position before distributions	4,452,024	6,564,949	7,382,971	(2,112,925)	(32.18)%
Less: distributions	<u>4,226,146</u>	<u>4,268,285</u>	<u>3,944,241</u>	<u>(42,139)</u>	(0.99)%
Change in net position	225,878	2,296,664	3,438,730	(2,070,786)	(90.16)%
Net position, beginning	<u>24,818,675</u>	<u>22,522,011</u>	<u>19,083,281</u>	<u>2,296,664</u>	10.20 %
Net position, ending	\$ <u>25,044,553</u>	<u>\$ 24,818,675</u>	<u>\$ 22,522,011</u>	<u>\$ 225,878</u>	0.91 %

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

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

For 2025, gross sales were down \$396,923 (-0.64%). This was the net result of a decrease in retail sales and a decrease in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

For 2024, gross sales were up \$79,235 (+0.13%). This was the net result of a decrease in retail sales and an increase in mixed beverage sales (sales to permit holders such as bars, restaurants, and hotels).

Following is a breakdown of gross sales by source for the years ended June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Retail liquor sales	\$ 48,823,025	\$ 49,164,067	\$ 49,526,060	\$ (341,042)	(0.69)%
Mixed beverage sales	13,058,907	13,120,596	12,702,293	(61,689)	(0.47)%
Wine sales	<u>28,733</u>	<u>22,925</u>	<u>-</u>	<u>5,808</u>	100.00 %
Total gross sales	\$ <u>61,910,665</u>	\$ <u>62,307,588</u>	\$ <u>62,228,353</u>	\$ <u>(396,923)</u>	(0.64)%

Capital Assets and Debt Administration

Capital Assets

Net investment in capital assets as of June 30, 2025, totals \$14,126,023 (net of accumulated depreciation and amortization, lease liabilities, and note payable).

During the year ended June 30, 2025 the Board purchased land for a new warehouse location for a total of \$2,992,684 and began construction on a new location for store #4, resulting in additions to work in progress totaling \$1,436,516.

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

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

Capital Assets and Debt Administration, continued

Capital Assets, continued

Table 3

Capital Assets

(Net of Depreciation and Amortization)

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>\$ Change This Yr over Last Yr</u>	<u>% Change This Yr over Last Yr</u>
Land	\$ 5,923,338	\$ 2,930,654	\$ 2,930,654	\$ 2,992,684	102 %
Work in progress	1,491,344	325,994	193,023	1,165,350	357 %
Buildings and improvements	7,558,393	7,789,419	8,026,876	(231,026)	(3)%
Vehicles	81,250	114,125	148,925	(32,875)	(29)%
Furniture and equipment	1,061,819	1,091,371	1,148,559	(29,552)	(3)%
Law enforcement	224,332	232,277	240,223	(7,945)	(3)%
Right-of-use assets	<u>1,792,756</u>	<u>2,283,576</u>	<u>1,832,945</u>	<u>(490,820)</u>	<u>(21)%</u>
Total	<u>\$ 18,133,232</u>	<u>\$ 14,767,416</u>	<u>\$ 14,521,205</u>	<u>\$ 3,365,816</u>	<u>23 %</u>

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

Debt Administration

The largest component of long-term debt is notes payable.

Table 4

Summary of Changes in Long-Term Debt

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Note payable	\$ 2,065,000	\$ -	\$ -	\$ 2,065,000	100.00 %
Lease liabilities	<u>1,942,209</u>	<u>2,407,231</u>	<u>1,922,558</u>	<u>(465,022)</u>	<u>(19.32)%</u>
Total	<u>\$ 4,007,209</u>	<u>\$ 2,407,231</u>	<u>\$ 1,922,558</u>	<u>\$ 1,599,978</u>	<u>66.47 %</u>

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

Management's Discussion and Analysis, continued

(Unaudited)

Financial Analysis of Durham County ABC Board, continued

Capital Assets and Debt Administration, continued

Debt Administration, continued

The increase in note payable occurred because the purchase of land for a new warehouse location was financed with a note payable over 5 years at an interest rate of 6.82%. The change in lease liabilities was minimal because the Board continued making payments on existing leases.

Economic Factors

Durham County Alcoholic Beverage Control Board continues to work hard to manage growth and demand. The Board and staff continue to find new ways to serve the citizens of Durham County. The focus this past year was finding a location for a new warehouse and construction for a new store. We are outgrowing our current warehouse, and this land will be a great location for our expansion that will meet our needs in the coming years.

Staff will continue to work hard to be good stewards of the tax payer's revenue.

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, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 2,230,698	\$ 1,523,146
Investments	2,567,710	3,576,049
Inventories	12,166,511	12,446,039
Prepaid expenses	<u>406,514</u>	<u>495,251</u>
Total current assets	17,371,433	18,040,485
Non-current assets:		
Capital assets (net of accumulated depreciation and amortization)	<u>18,133,232</u>	<u>14,767,416</u>
Total assets	\$ <u>35,504,665</u>	\$ <u>32,807,901</u>
Deferred Outflows of Resources		
Pension deferrals	\$ 1,312,276	\$ 1,522,671
OPEB deferrals	<u>28,783</u>	<u>35,299</u>
Total deferred outflows of resources	\$ <u>1,341,059</u>	\$ <u>1,557,970</u>

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

Statements of Net Position, continued

June 30, 2025 and 2024

Liabilities	<u>2025</u>	<u>2024</u>
Current liabilities:		
Accounts payable	\$ 1,668,574	\$ 1,342,214
Distributions payable	1,499,871	1,317,137
State taxes payable	1,089,266	1,135,852
Accrued expenses:		
Liabilities	142,450	123,959
Payroll and related costs	253,563	232,532
Sales tax payable	76,788	78,705
Current portion of lease liabilities	<u>513,630</u>	<u>465,022</u>
Total current liabilities	5,244,142	4,695,421
Non-current liabilities:		
Accrued vacation	258,453	187,544
Non-current portion of lease liabilities	1,428,579	1,942,209
Net pension liability	2,356,346	2,229,066
Total OPEB liability	435,816	467,491
Note payable	<u>2,065,000</u>	<u>-</u>
Total non-current liabilities	<u>6,544,194</u>	<u>4,826,310</u>
Total liabilities	\$ <u>11,788,336</u>	\$ <u>9,521,731</u>
Deferred Inflows of Resources		
Pension deferrals	\$ <u>12,835</u>	\$ <u>25,465</u>
Net Position		
Net position:		
Net investment in capital assets	\$ 14,126,023	\$ 12,360,185
Restricted for working capital	1,825,093	1,837,568
Unrestricted	<u>9,093,437</u>	<u>10,620,922</u>
Total net position	\$ <u>25,044,553</u>	\$ <u>24,818,675</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Gross sales:		
Liquor sales-regular	\$ 48,823,025	\$ 49,164,067
Mixed beverage sales	13,058,907	13,120,596
Wine sales	<u>28,733</u>	<u>22,925</u>
Total gross sales	61,910,665	62,307,588
Deduct taxes on gross sales:		
State excise tax (Note 9)	13,363,848	13,461,395
Mixed beverage tax (revenue) (Note 9)	875,186	853,848
Mixed beverage tax (human resources) (Note 9)	87,556	85,389
Rehabilitation tax (Note 9)	129,701	128,553
Wine tax	<u>1,945</u>	<u>1,633</u>
Total taxes on gross sales	<u>14,458,236</u>	<u>14,530,818</u>
Net sales	47,452,429	47,776,770
Deduct cost of sales:		
Cost of liquor sold	32,285,162	31,820,546
Cost of wine sold	<u>18,875</u>	<u>14,336</u>
Total cost of sales	<u>32,304,037</u>	<u>31,834,882</u>
Gross profit on sales	15,148,392	15,941,888
Deduct operating expenses:		
Store expenses	7,019,217	5,259,067
Warehouse and delivery expenses	921,216	870,608
Administrative expenses	1,780,635	2,504,260
Depreciation and amortization expenses	<u>1,116,960</u>	<u>918,499</u>
Total operating expenses	<u>10,838,028</u>	<u>9,552,434</u>
Income from operations	4,310,364	6,389,454
Non-operating revenues and expenses:		
Interest income	<u>141,660</u>	<u>175,495</u>
Total non-operating revenues and expenses	<u>141,660</u>	<u>175,495</u>
Change in net position before distributions	\$ 4,452,024	\$ 6,564,949

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Deduct:		
Law enforcement	\$ 571,317	\$ 768,915
Alcohol education/rehabilitation	<u>614,829</u>	<u>508,370</u>
Total distributions	<u>1,186,146</u>	<u>1,277,285</u>
Change in net position before profit distributions	3,265,878	5,287,664
Profit distributions:		
City of Durham	290,000	291,000
County of Durham	<u>2,750,000</u>	<u>2,700,000</u>
Total profit distributions	<u>3,040,000</u>	<u>2,991,000</u>
Change in net position	225,878	2,296,664
Net position, beginning of year	<u>24,818,675</u>	<u>22,522,011</u>
Net position, end of year	<u>\$ 25,044,553</u>	<u>\$ 24,818,675</u>

See accompanying notes.

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

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from customers	\$ 61,910,665	\$ 62,307,588
Cash payments to suppliers for goods and services and taxes on sales	(35,526,907)	(38,393,685)
Cash payments to employees for services	(5,385,311)	(5,045,060)
Sales taxes paid	(14,506,739)	(14,647,205)
Net cash provided by operating activities	6,491,708	4,221,638
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,490,721)	(398,249)
Proceeds from note payable	2,065,000	-
Payments on lease liabilities	(465,022)	(289,733)
Net cash used in capital and related financing activities	(2,890,743)	(687,982)
Cash flows from non-capital financing activities:		
Law enforcement distributions	(571,317)	(768,915)
Alcohol education distributions	(512,329)	(508,370)
Profit distributions to primary government	(2,959,766)	(2,991,000)
Net cash used in non-capital financing activities	(4,043,412)	(4,268,285)
Cash flows from investing activities:		
Interest earned on investments	141,660	175,495
Net investments sold (purchased)	1,008,339	(342,697)
Net cash provided by (used in) investing activities	1,149,999	(167,202)
Net increase (decrease) in cash and cash equivalents	707,552	(901,831)
Cash and cash equivalents, beginning of year	1,523,146	2,424,977
Cash and cash equivalents, end of year	\$ 2,230,698	\$ 1,523,146

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

Statements of Cash Flows, continued

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 4,310,364	\$ 6,389,454
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	1,124,905	926,444
Changes in assets and liabilities:		
Inventories	279,528	(3,258,878)
Prepaid expenses	88,737	(43,719)
Accounts payable	326,360	(91,869)
State taxes payable	(46,586)	(74,815)
Accrued liabilities	18,491	88,472
Accrued payroll and related costs	91,940	61,877
Accrued sales tax payable	(1,917)	(41,572)
Net pension liability	127,280	602,642
Total OPEB liability	(31,675)	(29,634)
Deferred outflows of resources for pensions	210,395	(321,009)
Deferred inflows of resources for pensions	(12,630)	8,665
Deferred outflows of resources for OPEB	<u>6,516</u>	<u>5,580</u>
Net cash provided by operating activities	\$ <u>6,491,708</u>	\$ <u>4,221,638</u>
Supplemental disclosure of noncash transactions:		
Non-cash financing activities:		
Additions to right-of-use assets obtained from financing lease liabilities	\$ -	\$ 774,406

See accompanying notes.

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

Notes to the Financial Statements

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 Statutes 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, debit or credit card and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred.

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

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.

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.

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

Deposits, continued

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, 2025 and 2024, the Board's deposits had a carrying amount of \$2,218,080 and \$1,514,526, respectively, and a bank balance of \$2,159,855 and \$1,794,819, respectively. Of the bank balance, \$375,424 and \$459,497 was covered by federal depository insurance at June 30, 2025 and 2024, respectively, and \$1,784,431 and \$1,335,322 was covered by collateral held under the Pooling Method, at June 30, 2025 and 2024, respectively.

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.

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

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 or 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, 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	<u>325,994</u>	<u>1,436,516</u>	<u>271,166</u>	<u>1,491,344</u>
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	<u>348,857</u>	<u>-</u>	<u>-</u>	<u>348,857</u>
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	<u>116,580</u>	<u>7,945</u>	<u>-</u>	<u>124,525</u>
Total accumulated depreciation	<u>3,816,924</u>	<u>634,086</u>	<u>15,565</u>	<u>4,435,445</u>
Total capital assets being depreciated, net	9,227,192	(301,398)	-	8,925,794
Right-of-use assets:				
Buildings	<u>3,115,129</u>	<u>-</u>	<u>-</u>	<u>3,115,129</u>
Total right-of-use assets being amortized	3,115,129	-	-	3,115,129
Less accumulated amortization:				
Buildings	<u>831,553</u>	<u>490,820</u>	<u>-</u>	<u>1,322,373</u>
Total accumulated amortization	<u>831,553</u>	<u>490,820</u>	<u>-</u>	<u>1,322,373</u>
Total right-of-use assets being amortized, net	<u>2,283,576</u>	\$ <u>(490,820)</u>	\$ <u>-</u>	<u>1,792,756</u>
Capital and right-of-use assets, net	<u>\$ 14,767,416</u>			<u>\$ 18,133,232</u>

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, 2024 was as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 2,930,654	\$ -	\$ -	\$ 2,930,654
Work in progress	<u>193,023</u>	<u>330,652</u>	<u>197,681</u>	<u>325,994</u>
Total capital assets not being depreciated	3,123,677	330,652	197,681	3,256,648
Capital assets being depreciated:				
Buildings and improvements	9,593,967	67,795	-	9,661,762
Furniture/equipment	2,487,116	197,485	-	2,684,601
Vehicles	348,896	-	-	348,896
Law enforcement	<u>348,857</u>	<u>-</u>	<u>-</u>	<u>348,857</u>
Total capital assets being depreciated	12,778,836	265,280	-	13,044,116
Less accumulated depreciation:				
Buildings and improvements	1,567,091	305,252	-	1,872,343
Furniture/equipment	1,338,557	254,673	-	1,593,230
Vehicles	199,971	34,800	-	234,771
Law enforcement	<u>108,634</u>	<u>7,946</u>	<u>-</u>	<u>116,580</u>
Total accumulated depreciation	<u>3,214,253</u>	<u>602,671</u>	<u>-</u>	<u>3,816,924</u>
Total capital assets being depreciated, net	9,564,583	(337,391)	-	9,227,192
Right-of-use assets:				
Buildings	<u>2,591,973</u>	<u>774,406</u>	<u>251,250</u>	<u>3,115,129</u>
Total right-of-use assets being amortized	2,591,973	774,406	251,250	3,115,129
Less accumulated amortization:				
Buildings	<u>759,028</u>	<u>323,775</u>	<u>251,250</u>	<u>831,553</u>
Total accumulated amortization	<u>759,028</u>	<u>323,775</u>	<u>251,250</u>	<u>831,553</u>
Total right-of-use assets being amortized, net	<u>1,832,945</u>	<u>\$ 450,631</u>	<u>\$ -</u>	<u>2,283,576</u>
Capital and right-of-use assets, net	<u>\$ 14,521,205</u>			<u>\$ 14,767,416</u>

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

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 disposed 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.

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

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.

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

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through September 12, 2025, 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.

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

Notes to the Financial Statements, continued

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, 2025, was 13.65% 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 \$461,745 and \$412,426 for the years ended June 30, 2025 and June 30, 2024, 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.

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

Notes to the Financial Statements, continued

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, 2025, the Board reported a liability of \$2,356,346 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. 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, 2024 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, 2024 (measurement date), the Board's proportion was 0.03495%, which was an increase of 0.00130% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Board recognized pension expense of \$761,631. At June 30, 2025, 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	\$ 412,921	\$ 2,776
Net difference between projected and actual earnings on pension plan investments	320,344	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	117,266	10,059
Employer contributions subsequent to the measurement date	<u>461,745</u>	<u>-</u>
	<u>\$ 1,312,276</u>	<u>\$ 12,835</u>

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

Notes to the Financial Statements, continued

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

Local Government Employees' Retirement System, continued

The Board reported \$461,745 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30

2026	\$ 276,303
2027	512,721
2028	84,894
2029	<u>(36,222)</u>
	<u>\$ 837,696</u>

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.

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

Notes to the Financial Statements, continued

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, 2025 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 %
	<u>100.0 %</u>	

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.

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

Notes to the Financial Statements, continued

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 rate. 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:

	Current		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability	\$ 4,175,514	\$ 2,356,346	\$ 859,830

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.

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

Notes to the Financial Statements, continued

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

Other Post-Employment Benefits (OPEB)

Plan Description

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.

Total OPEB Liability

The Board's total OPEB liability of \$435,816 was measured as of June 30, 2024 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
Salary increases:	
General employees	3.25 to 8.41 percent
Law enforcement officers	3.25 to 7.90 percent
Discount rate	3.93 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.

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

Notes to the Financial Statements, continued

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, 2024	\$ 467,491
Changes for the year:	
Interest on total OPEB liability and cash flows	16,425
Difference between expected and actual experience	(7,987)
Changes in assumptions or other inputs	(4,814)
Net benefit payments	<u>(35,299)</u>
Net changes	<u>(31,675)</u>
Balance at June 30, 2025	\$ <u>435,816</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	<u>Current</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.93%)</u>	<u>(3.93%)</u>	<u>(4.93%)</u>
Total OPEB liability	\$ 468,427	\$ 435,816	\$ 406,994

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.

	<u>Current</u>		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 408,885	\$ 435,816	\$ 465,639

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

Notes to the Financial Statements, continued

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, 2025, the Board recognized OPEB income of \$25,159. At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefit payments & administrative costs made subsequent to the measurement date	\$ <u>28,783</u>	\$ <u>-</u>

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

Note 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 6.82% at June 30, 2025. Payments on the loan are interest only until January 2027. The balance on the loan was \$2,065,000 at June 30, 2025.

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

Notes to the Financial Statements, continued

4. Non-current Liabilities, continued

Note Payable, continued

Future note payable payments are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 145,046	\$ 145,046
2027	73,110	143,983	217,093
2028	154,128	135,011	289,139
2029	165,310	123,830	289,140
2030	<u>1,672,452</u>	<u>54,471</u>	<u>1,726,923</u>
	<u>\$ 2,065,000</u>	<u>\$ 602,341</u>	<u>\$ 2,667,341</u>

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, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Accrued vacation	\$ 187,544	\$ 155,938	\$ (85,029)	\$ 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	<u>-</u>	<u>2,065,000</u>	<u>-</u>	<u>2,065,000</u>	<u>-</u>
Total non-current liabilities	<u>\$ 5,291,332</u>	<u>\$ 2,348,218</u>	<u>\$ (581,726)</u>	<u>\$ 7,057,824</u>	<u>\$ 513,630</u>

The following is a summary of changes in non-current liabilities reported in the financial statements for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Accrued vacation	\$ 140,977	\$ 130,034	\$ (83,467)	\$ 187,544	\$ -
Lease liabilities	1,922,558	744,406	(259,733)	2,407,231	465,022
Net pension liability	1,626,424	602,642	-	2,229,066	-
Total OPEB liability	<u>497,125</u>	<u>-</u>	<u>(29,634)</u>	<u>467,491</u>	<u>-</u>
Total non-current liabilities	<u>\$ 4,187,084</u>	<u>\$ 1,477,082</u>	<u>\$ (372,834)</u>	<u>\$ 5,291,332</u>	<u>\$ 465,022</u>

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

Notes to the Financial Statements, continued

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 \$3,115,129, less accumulated amortization of \$1,322,373.

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, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Finance lease cost:		
Amortization of ROU assets	\$ 490,820	\$ 323,774
Interest on lease liabilities	<u>92,020</u>	<u>56,889</u>
Total finance lease cost	<u>\$ 582,840</u>	<u>\$ 380,663</u>

The weighted average remaining lease term for the finance leases as of June 30, 2025 and 2024 was 4.62 and 5.40 years, respectively.

The weighted average discount rate as of June 30, 2025 and 2024 was 4.28% and 4.39%, respectively.

Maturities of lease liabilities as of June 30, 2025 were as follows:

	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 513,630	\$ 64,162	\$ 577,792
2027	454,346	36,185	490,531
2028	265,187	23,236	288,423
2029	267,051	16,128	283,179
2030	276,902	8,761	285,663
Thereafter	<u>165,093</u>	<u>2,416</u>	<u>167,509</u>
	<u>\$ 1,942,209</u>	<u>\$ 150,888</u>	<u>\$ 2,093,097</u>

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

Notes to the Financial Statements, continued

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, 2025 and 2024 amounted to \$258,453 and \$187,544, 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. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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:

	<u>2025</u>	<u>2024</u>
90% County of Durham	\$ 2,750,000	\$ 2,700,000
10% City of Durham	\$ 290,000	\$ 291,000

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).

	<u>2025</u>	<u>2024</u>
Change in net position before distributions	\$ 4,452,024	\$ 6,564,949
Less: 3.5% tax and bottle charge	<u>1,689,952</u>	<u>1,699,657</u>
Profit subject to expense percentages	<u>\$ 2,762,072</u>	<u>\$ 4,865,292</u>
Law enforcement expenditures	\$ <u>571,317</u>	\$ <u>768,915</u>
Percentage of profit	20.68 %	15.80 %
Provision for alcohol education and rehabilitation	\$ <u>614,829</u>	\$ <u>508,370</u>
Percentage of profit	22.26 %	10.45 %

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

Notes to the Financial Statements, continued

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, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Taxes payable, beginning of year	\$ 1,034,671	\$ 1,119,079
Taxes collected during the year	13,363,848	13,461,395
Taxes remitted to Department of Revenue	<u>(13,414,831)</u>	<u>(13,545,803)</u>
Taxes payable, end of year	\$ <u>983,688</u>	\$ <u>1,034,671</u>

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, 2025 was remitted to the North Carolina Department of Revenue on July 15, 2025.

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 years 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 =	<u>9,075</u>
Total payment for the year		\$ <u>129,701</u>

For the year ended June 30, 2024 payments to the County and its municipalities were based on the following bottle sales:

Regular bottles	1,956,742 at 5 cents =	\$ 97,837
Mixed beverage bottles	433,411 at 5 cents =	21,671
Miniature bottles	904,533 at 1 cent =	<u>9,045</u>
Total payment for the year		\$ <u>128,553</u>

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.

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

Notes to the Financial Statements, continued

9. Disbursement of Taxes Included in Selling Price, continued

The mixed beverage tax for the years ending June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Department of Revenue (50%)	\$ 875,186	\$ 853,848
Department of Health and Human Services (5%)	87,556	85,389
Profit retained and remitted to local government (45%)	<u>787,630</u>	<u>768,459</u>
	<u>\$ 1,750,372</u>	<u>\$ 1,707,696</u>

10. Surcharge Collected

The total amount of surcharge collected for the years June 30, 2025 and 2024 was \$300,890 and \$301,216, 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, 2025 and 2024 was \$3,414,222 and \$3,476,600, 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.

Store #	Store Address	Gross Sales Year ended June 30,		Change in Net Position Year ended June 30,	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
1	1928 Holloway St.	\$ 4,709,935	\$ 5,348,000	\$ 476,737	\$ 828,743
3	2806 Hillsborough Rd.	5,297,376	5,472,979	688,911	809,913
4	2121 T.W. Alexander Dr.	5,329,977	5,489,972	559,571	733,964
5	115 Sherron Rd.	3,415,178	3,621,827	187,997	328,963
7	1517 Glenn School Rd.	2,443,093	-	(197,723)	(14,933)
8	5122 N. Roxboro Rd.	4,374,973	4,689,336	290,110	499,731
10	5608 Highway 55	14,220,210	12,706,272	2,221,416	2,283,783
11	3620 Chapel Hill Blvd	11,859,587	13,683,352	2,084,525	2,834,920
12	1515 N. Point Dr.	5,232,156	5,726,068	395,469	682,464
14	4717 Hope Valley Rd.	<u>5,028,180</u>	<u>5,569,782</u>	<u>383,734</u>	<u>860,778</u>
		<u>\$ 61,910,665</u>	<u>\$ 62,307,588</u>	<u>\$ 7,090,747</u>	<u>\$ 9,848,326</u>

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

Notes to the Financial Statements, continued

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)).

	<u>2025</u>	<u>2024</u>
Minimum amount	\$ 1,825,093	\$ 1,837,568
Maximum amount	\$ 11,863,107	\$ 11,944,193
Actual amount	\$ 10,033,745	\$ 10,720,060

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 \$90,097 per quarter for the year ending June 30, 2026, \$92,800 per quarter for the year ending June 30, 2027, and \$95,584 per quarter for the year ending June 30, 2028.

The Board entered into a contract for new construction on store #4 for a total of \$2,703,344. The remaining balance on the contract at June 30, 2025 was \$1,495,789.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0350 %	0.0336 %	0.0288 %	0.0306 %	0.0264 %
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 2,356,346	\$ 2,229,066	\$ 1,626,424	\$ 469,280	\$ 943,384
ABC Board's covered-employee payroll	\$ 3,192,461	\$ 3,050,620	\$ 2,608,382	\$ 2,410,876	\$ 2,153,404
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.81 %	73.07 %	62.35 %	19.47 %	43.81 %
Plan fiduciary net position as a percentage of the total pension liability**	83.30 %	82.49 %	84.14 %	91.63 %	88.61 %

* 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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0297 %	0.0328 %	0.0303 %	0.0295 %	0.0317 %
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 811,357	\$ 778,128	\$ 462,595	\$ 625,664	\$ 142,178
ABC Board's covered-employee payroll	\$ 2,299,853	\$ 2,253,249	\$ 2,164,534	\$ 1,919,632	\$ 1,863,329
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.28 %	34.53 %	21.37 %	32.59 %	7.63 %
Plan fiduciary net position as a percentage of the total pension liability**	90.86 %	91.63 %	94.18 %	91.45 %	98.09 %

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 461,745	\$ 420,372	\$ 371,457	\$ 298,824	\$ 248,025
Contribution in relation to the contractually required contribution	<u>461,745</u>	<u>420,372</u>	<u>371,457</u>	<u>298,824</u>	<u>248,025</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
ABC Board's covered-employee payroll	\$ 3,392,239	\$ 3,192,461	\$ 3,050,620	\$ 2,608,382	\$ 2,410,876
Contributions as a percentage of covered-employee payroll	13.61 %	13.17 %	12.18 %	11.46 %	10.29 %

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 194,561	\$ 181,112	\$ 171,914	\$ 160,184	\$ 130,609
Contribution in relation to the contractually required contribution	<u>194,561</u>	<u>181,112</u>	<u>171,914</u>	<u>160,184</u>	<u>130,609</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
ABC Board's covered-employee payroll	\$ 2,153,404	\$ 2,299,853	\$ 2,253,249	\$ 2,164,534	\$ 1,919,632
Contributions as a percentage of covered-employee payroll	9.04 %	7.87 %	7.63 %	7.40 %	6.80 %

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 Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Interest on total OPEB liability and cash flows	\$ 16,425	\$ 16,881	\$ 11,503	\$ 12,582
Difference between expected and actual experience	(7,987)	(1,713)	29,669	173
Changes of assumptions or other inputs	(4,814)	(3,923)	(56,937)	(10,126)
Benefit payments	<u>(35,299)</u>	<u>(40,879)</u>	<u>(39,097)</u>	<u>(39,718)</u>
Net change in total OPEB liability	(31,675)	(29,634)	(54,862)	(37,089)
Total OPEB liability, beginning	<u>467,491</u>	<u>497,125</u>	<u>551,987</u>	<u>589,076</u>
Total OPEB liability, ending	\$ 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
2025	3.93 %
2024	3.65 %
2023	3.54 %
2022	2.16 %
2021	2.21 %
2020	3.50 %
2019	3.89 %
2018	3.56 %

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 Eight Fiscal Years			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	<u>(36,990)</u>	<u>-</u>	<u>(43,786)</u>	<u>(43,786)</u>
Net change in total OPEB liability	25,682	37,961	(168,831)	(26,798)
Total OPEB liability, beginning	<u>563,394</u>	<u>525,433</u>	<u>694,264</u>	<u>721,062</u>
Total OPEB liability, ending	\$ <u>589,076</u>	\$ <u>563,394</u>	\$ <u>525,433</u>	\$ <u>694,264</u>
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 Eight Fiscal Years

Total OPEB Liability

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 35,299	\$ 40,879	\$ 39,097	\$ 39,718
Contributions in relation to the contractually required contribution	<u>35,299</u>	<u>40,879</u>	<u>39,097</u>	<u>39,718</u>
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 Eight Fiscal Years

Total OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 36,990	\$ -	\$ 43,786	\$ 43,786
Contributions in relation to the contractually required contribution	<u>36,990</u>	<u>-</u>	<u>43,786</u>	<u>43,786</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
ABC Board's covered-employee payroll	\$ -	\$ -	\$ 2,299,853	\$ 2,253,246
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 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.

In fiscal year 2016, there were no changes in actuarial assumptions.

Other Post-Employment Benefit Plan

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.

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

Notes to the Required Supplementary Information, continued

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 Revenue and Store, Warehouse, and Administrative Expenses
Year ended June 30, 2025

	<u>Store 1</u>	<u>Store 3</u>	<u>Store 4</u>	<u>Store 5</u>	<u>Store 7</u>	<u>Store 8</u>	<u>Store 10</u>
Gross sales:							
Liquor sales - regular	\$ 4,709,172	\$ 5,292,623	\$ 5,326,402	\$ 3,413,687	\$ 2,442,704	\$ 4,372,642	\$ 7,414,984
Mixed beverage sales	-	-	-	-	-	-	6,801,595
Wine sales	763	4,753	3,575	1,491	389	2,331	3,631
Total gross sales	4,709,935	5,297,376	5,329,977	3,415,178	2,443,093	4,374,973	14,220,210
Deduct taxes on gross sales:							
State excise tax	1,020,876	1,142,490	1,149,840	733,096	527,255	944,042	3,071,004
Mixed beverage tax (revenue)	-	-	-	-	-	-	456,610
Mixed beverage tax (human resources)	-	-	-	-	-	-	45,682
Rehabilitation tax	9,906	11,088	11,154	7,107	5,116	9,154	29,842
Wine sales tax	52	321	242	101	29	158	245
Total taxes on gross sales	1,030,834	1,153,899	1,161,236	740,304	532,400	953,354	3,603,383
Net sales	3,679,101	4,143,477	4,168,741	2,674,874	1,910,693	3,421,619	10,616,827
Cost of sales	2,525,832	2,827,551	2,850,334	1,897,053	1,359,441	2,374,552	7,249,875
Gross profit on sales	1,153,269	1,315,926	1,318,407	777,821	551,252	1,047,067	3,366,952
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
Income (loss) from operations	476,737	688,911	559,571	187,997	(197,723)	290,110	2,221,416
Non-operating revenues (expenses)	-	-	-	-	-	-	-
Change in net position before profit distributions	\$ 476,737	\$ 688,911	\$ 559,571	\$ 187,997	\$ (197,723)	\$ 290,110	\$ 2,221,416

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, 2025

	Store 11	Store 12	Store 14	Subtotal	Warehouse	Administrative	Total
Gross sales:							
Liquor sales - regular	\$ 5,598,392	\$ 5,227,711	\$ 5,024,708	\$ 48,823,025	\$ -	\$ -	\$ 48,823,025
Mixed beverage sales	6,257,312	-	-	13,058,907	-	-	13,058,907
Wine sales	3,883	4,445	3,472	28,733	-	-	28,733
Total gross sales	11,859,587	5,232,156	5,028,180	61,910,665	-	-	61,910,665
Deduct taxes on gross sales:							
State excise tax	2,561,748	1,128,664	1,084,833	13,363,848	-	-	13,363,848
Mixed beverage tax (revenue)	418,576	-	-	875,186	-	-	875,186
Mixed beverage tax (human resources)	41,874	-	-	87,556	-	-	87,556
Rehabilitation tax	24,876	10,941	10,517	129,701	-	-	129,701
Wine sales tax	262	300	235	1,945	-	-	1,945
Total taxes on gross sales	3,047,336	1,139,905	1,095,585	14,458,236	-	-	14,458,236
Net sales	8,812,251	4,092,251	3,932,595	47,452,429	-	-	47,452,429
Cost of sales	5,716,023	2,811,390	2,691,986	32,304,037	-	-	32,304,037
Gross profit on sales	3,096,228	1,280,861	1,240,609	15,148,392	-	-	15,148,392
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
Income (loss) from operations	2,084,525	395,469	383,734	7,090,747	(968,656)	(1,811,727)	4,310,364
Non-operating revenues (expenses)	-	-	-	-	-	141,660	141,660
Change in net position before profit distributions	\$ 2,084,525	\$ 395,469	\$ 383,734	\$ 7,090,747	\$ (968,656)	\$ (1,670,067)	\$ 4,452,024

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

(A Component Unit of Durham County Government)

Schedule of Store, Warehouse, and Administrative Expenses

Year ended June 30, 2024

	<u>Store 1</u>	<u>Store 3</u>	<u>Store 4</u>	<u>Store 5</u>	<u>Store 7</u>	<u>Store 8</u>	<u>Store 10</u>
Operating expenses:							
Salaries and wages	\$ 209,156	\$ 236,896	\$ 196,790	\$ 183,478	\$ -	\$ 180,990	\$ 312,583
FICA taxes	16,204	18,143	15,709	14,091	-	14,765	23,386
Pension expense	43,413	49,493	43,506	39,188	-	37,889	64,676
401(k) expense	3,733	6,360	5,023	7,042	-	4,555	8,365
Life insurance	677	752	788	646	-	690	1,029
Hospital insurance	39,945	43,873	47,377	51,996	-	53,498	101,822
Disability insurance	2,025	2,255	2,344	2,169	-	2,392	3,057
Dental insurance	1,528	2,841	4,525	2,631	-	2,379	6,347
Vision insurance	273	400	614	406	-	332	872
Utilities	16,489	16,594	13,856	17,924	1,366	22,020	27,254
Telephone	1,332	1,332	1,332	1,332	42	1,333	1,589
Credit card expenses	61,121	93,281	95,486	52,987	1,512	68,917	155,930
Insurance - general	8,149	8,149	8,149	8,149	-	8,149	12,293
Supplies	16,452	17,357	15,873	12,335	597	14,229	32,326
Travel expense	-	-	93	-	-	-	-
Safe deposit	9,196	6,512	6,512	6,512	-	6,512	6,512
Maintenance agreements	16,863	16,863	16,863	16,863	13	16,863	25,582
Building maintenance	12,533	20,859	40,554	13,020	9,466	79,892	8,550
Postage	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-
Per diem - Board members	-	-	-	-	-	-	-
Yard maintenance	4,744	4,744	629	6,009	-	-	4,744
Security - alarm contracts	795	608	443	536	-	737	(702)
Vehicle expense	-	-	-	-	-	-	115
Gas and oil	-	-	-	-	-	-	727
Waste disposal	3,593	771	-	7,894	-	9,242	6,196
Bottled water	722	440	647	577	-	468	-
Staff training and development	-	-	-	-	-	-	-
Minor equipment	745	382	1,243	946	1,937	269	780
Interest expense	-	-	6,847	-	-	18,939	-
Total operating expenses	<u>469,688</u>	<u>548,905</u>	<u>525,203</u>	<u>446,731</u>	<u>14,933</u>	<u>545,060</u>	<u>804,033</u>
Depreciation	59,114	43,339	34,478	75,910	-	32,370	133,996
Amortization	-	-	81,448	-	-	104,145	-
Total expenses	<u>\$ 528,802</u>	<u>\$ 592,244</u>	<u>\$ 641,129</u>	<u>\$ 522,641</u>	<u>\$ 14,933</u>	<u>\$ 681,575</u>	<u>\$ 938,029</u>

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, 2024

	<u>Store 11</u>	<u>Store 12</u>	<u>Store 14</u>	<u>Subtotal</u>	<u>Warehouse</u>	<u>Administrative</u>	<u>Total</u>
Operating expenses:							
Salaries and wages	\$ 318,368	\$ 240,394	\$ 213,804	\$ 2,092,459	\$ 517,298	\$ 1,672,328	\$ 4,282,085
FICA taxes	24,872	18,215	16,928	162,313	39,120	125,167	326,600
Pension expense	67,316	48,287	45,666	439,434	95,802	143,434	678,670
401(k) expense	7,784	2,670	1,687	47,219	11,445	22,266	80,930
Life insurance	1,660	937	803	7,982	1,702	2,618	12,302
Hospital insurance	68,958	54,607	33,779	495,855	88,865	164,586	749,306
Disability insurance	4,954	2,807	2,412	24,415	5,114	7,781	37,310
Dental insurance	3,961	2,663	3,512	30,387	5,278	8,797	44,462
Vision insurance	534	381	478	4,290	810	1,267	6,367
Utilities	22,435	16,690	13,949	168,577	20,791	15,568	204,936
Telephone	1,947	1,333	1,333	12,905	3,294	6,552	22,751
Credit card expenses	141,853	88,301	98,433	857,821	-	-	857,821
Insurance - general	12,293	8,149	8,149	81,629	25,087	8,269	114,985
Supplies	21,392	16,899	17,684	165,144	4,768	29,227	199,139
Travel expense	-	-	-	93	-	45,931	46,024
Safe deposit	6,512	6,512	6,513	61,293	-	-	61,293
Maintenance agreements	27,130	16,863	16,863	170,766	16,494	28,228	215,488
Building maintenance	17,899	50,363	26,097	279,233	9,608	21,858	310,699
Postage	-	-	-	-	-	4,010	4,010
Professional services	-	-	-	-	-	132,335	132,335
Per diem - Board members	-	-	-	-	-	27,300	27,300
Yard maintenance	4,744	-	4,741	30,355	4,744	-	35,099
Security - alarm contracts	815	1,076	557	4,865	1,247	1,488	7,600
Vehicle expense	269	-	-	384	6,718	4,624	11,726
Gas and oil	1,637	-	-	2,364	9,411	4,059	15,834
Waste disposal	13,153	4,003	3,204	48,056	1,516	284	49,856
Bottled water	501	532	477	4,364	501	383	5,248
Staff training and development	-	-	-	-	-	23,648	23,648
Minor equipment	1,014	1,549	1,109	9,974	995	2,252	13,221
Interest expense	-	29,286	1,818	56,890	-	-	56,890
Total operating expenses	772,001	612,517	519,996	5,259,067	870,608	2,504,260	8,633,935
Depreciation	76,684	30,100	24,730	510,721	48,900	35,104	594,725
Amortization	-	129,927	8,254	323,774	-	-	323,774
Total expenses	<u>\$ 848,685</u>	<u>\$ 772,544</u>	<u>\$ 552,980</u>	<u>\$ 6,093,562</u>	<u>\$ 919,508</u>	<u>\$ 2,539,364</u>	<u>\$ 9,552,434</u>

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

Schedule of Distributions of Profits

Year ended June 30, 2025

Distribution	Recipient	Amount	Date of Distribution	Restrictions on Use
Law Enforcement	NC State Bureau of Investigation - ALE	\$ <u>571,317</u>	7/1/24-6/30/25	Law Enforcement
Alcohol Education	Jubilee Home	\$ 19,000	7/1/24-6/30/25	Alcohol Education
	Urban Ministries of Durham	100,000	7/1/24-6/30/25	Alcohol Education
	El Futuro, Inc.	64,000	7/1/24-6/30/25	Alcohol Education
	Lincoln Community Health Center	54,000	7/1/24-6/30/25	Alcohol Education
	Durham Justice Services Department	70,000	7/1/24-6/30/25	Alcohol Education
	Boys & Girls Club of Durham & Orange County	20,000	7/1/24-6/30/25	Alcohol Education
	LIFE Skills Foundation	15,000	7/1/24-6/30/25	Alcohol Education
	Project Access of Durham County	15,000	7/1/24-6/30/25	Alcohol Education
	Purpose Learning Lab	54,000	7/1/24-6/30/25	Alcohol Education
	Durham Proud Program	45,000	7/1/24-6/30/25	Alcohol Education
	Student U	44,000	7/1/24-6/30/25	Alcohol Education
	Grant advertising	<u>12,329</u>	7/1/24-6/30/25	Alcohol Education
	Total	\$ <u>512,329</u>		
County and Municipality*	City of Durham	\$ 290,000	7/1/24-6/30/25	None
	Durham County	<u>2,750,000</u>	7/1/24-6/30/25	None
	Total	\$ <u>3,040,000</u>		

*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, 2025

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Gross sales:				
Liquor sales-regular	\$50,957,155	\$49,509,416	\$48,823,025	\$ (686,391)
Mixed beverage sales	13,519,084	13,271,483	13,058,907	(212,576)
Wine sales	<u>23,761</u>	<u>31,397</u>	<u>28,733</u>	<u>(2,664)</u>
Total gross sales	64,500,000	62,812,296	61,910,665	(901,631)
Non-operating revenues:				
Interest income	<u>75,000</u>	<u>135,000</u>	<u>141,660</u>	<u>6,660</u>
Total revenues	64,575,000	62,947,296	62,052,325	(894,971)
Expenditures:				
Total taxes based on revenue:				
State excise tax	13,890,920	13,587,932	13,363,848	224,084
Mixed beverage tax (revenue)	839,535	863,667	875,186	(11,519)
Mixed beverage tax (human resources)	87,874	86,371	87,556	(1,185)
Rehabilitation tax	132,632	130,031	129,701	330
Wine sales tax	<u>1,497</u>	<u>2,236</u>	<u>1,945</u>	<u>291</u>
Total taxes based on revenue	14,952,458	14,670,237	14,458,236	212,001
Cost of goods sold	33,884,361	32,119,243	32,304,037	184,794
Operating expenses:				
Personnel expenses	6,612,916	6,630,298	6,640,775	(10,477)
Facilities expenses	904,962	1,047,986	955,185	92,801
Supplies and materials	266,800	259,674	207,951	51,723
Contract/professional services	530,000	530,000	131,879	398,121
Repairs and maintenance	218,000	305,855	299,683	6,172
Credit card fees	920,000	789,916	726,292	63,624
Travel, training, and development	87,500	97,886	78,373	19,513
Other operating expenses	144,031	643,439	680,930	(37,491)
Miscellaneous-contingency	<u>114,500</u>	<u>(22,612)</u>	<u>-</u>	<u>(22,612)</u>
Total operating expenses	9,798,709	10,282,442	9,721,068	561,374
Capital outlay	<u>1,500,000</u>	<u>2,750,000</u>	<u>4,490,721</u>	<u>(1,740,721)</u>
Total expenditures	\$60,135,528	\$59,821,922	\$60,974,062	\$ (1,152,140)

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

Reconciliation of Budget to Actual, continued

Year ended June 30, 2025

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Distributions:				
Law enforcement	\$ 1,010,388	\$ 400,000	\$ 571,317	\$ (171,317)
Alcohol education/rehabilitation	525,000	525,000	614,829	(89,829)
County and municipal	<u>3,040,000</u>	<u>3,040,000</u>	<u>3,040,000</u>	<u>-</u>
Total distributions	<u>4,575,388</u>	<u>3,965,000</u>	<u>4,226,146</u>	<u>(261,146)</u>
Total expenditures and distributions	<u>64,710,916</u>	<u>63,786,922</u>	<u>65,200,208</u>	<u>(1,413,286)</u>
Revenues over (under) expenditures	(135,916)	(839,626)	(3,147,883)	518,315
Other financing sources (uses):				
Working capital retained	<u>135,916</u>	<u>839,626</u>	<u>-</u>	<u>-</u>
Revenues over expenditures and other financing users	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(3,147,883)</u>	\$ <u>518,315</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation and amortization			\$ (1,116,960)	
Capital outlay			<u>4,490,721</u>	
Total			<u>3,373,761</u>	
Change in net position			\$ <u>225,878</u>	