

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
June 30, 2020 and 2019

COMBS,  
  
TENNANT & CARPENTER, P.C.  
Certified Public Accountants

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**

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June 30, 2020 and 2019

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**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**

**Board of Directors**

Winston Ammann

Donna Dicks

Sarah Manning

**Alternates**

Robin Dunn

David Miller

Leigh Sasse

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
High Country Municipal Alcoholic Beverage Control Board  
Banner Elk, North Carolina 28604

**Report on the Financial Statements**

We have audited the accompanying financial statements of the High Country Municipal Alcoholic Beverage Control Board, which comprise the Statements of Net Position as of June 30, 2020 and 2019, and the related Statements of Revenues, Expenses and Changes in Net Position, and Cash Flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the High Country Municipal Alcoholic Beverage Control Board as of June 30, 2020 and 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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.

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The Schedules of Expenses by Store, Administrative Expenses, Schedule of Revenues and Expenditures – Budget vs. Actual, Schedule of Distribution of Profits, and Financial Highlights are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Expenses by Store, Administrative Expenses, Schedule of Revenues and Expenditures – Budget vs. Actual, Schedule of Distribution of Profits, and Financial Highlights are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*COMBS, TENNANT & CARPENTER, P.C.*

COMBS, TENNANT & CARPENTER, P.C.  
Certified Public Accountants  
Boone, NC

August 21, 2020

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## Management's Discussion and Analysis

This section of the High Country Municipal Alcoholic Beverage Control Board's (*the ABC Board*) financial report represents our discussion and analysis of the financial performance of the ABC Board for the years ended June 30, 2020 and 2019. This information should be read in conjunction with the audited financial statements included in this report.

### *Financial Highlights*

- The ABC Board operated one location during the period.
- Working capital increased from \$522,301 to \$566,194.
- 14.54% of profits were expended for law enforcement and alcohol education in the current year.

### *Overview of the Financial Statements*

The audited financial statements of the ABC board consist of three components. They are as follows:

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

The *Basic Financial Statements* are prepared using the full accrual basis of accounting. They consist of three statements. The first statements are the **Statements of Net Position**. Assets and liabilities are classified between current and long-term. These statements provide a summary of the ABC Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in these statements.

The next statements are the **Statements of Revenues, Expenses, and Changes in Net Position**. These statements are used in evaluating whether the ABC Board has recovered all of its costs through sales. Their information is used in determining credit worthiness.

The final required statements are the **Statements of Cash Flows**. These statements report cash inflows and outflows in the following categories: operating, investing, and 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 statements.

The ABC Commission requires some schedules in addition to the information required by generally accepted accounting principles. They include **Schedules of Store Expenses, Schedules of Administrative Expenses, Schedule of Distribution of Profits, and a Schedule of Revenues and Expenditures – Budget and Actual**.

## Financial Analysis of the ABC Board

Net assets are an indicator of the fiscal health of the ABC Board. Assets and deferred outflows exceeded liabilities and deferred inflows by \$1,073,185 at June 30, 2020, \$1,068,253 at June 30, 2019 and by \$981,926 at June 30, 2018. The largest component of net position was the investment in capital assets. It was 48.41% of the total net position for 2020, 50.68% for 2019 and 57.41% for 2018. Following is a summary of the Statements of Net Position:

**Table 1**  
**Condensed Statements of Net Position**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Current assets	\$ 947,692	\$ 935,214	\$ 787,320	\$ 12,478	1.33%
Non-current assets	519,565	541,396	563,716	(21,831)	-4.03%
Deferred outflows of resources	<u>56,550</u>	<u>58,305</u>	<u>40,164</u>	<u>(1,755)</u>	<u>-3.01%</u>
Total assets and deferred outflows of resources	<u>1,523,807</u>	<u>1,534,915</u>	<u>1,391,200</u>	<u>(11,108)</u>	<u>-0.72%</u>
Current liabilities	372,518	401,800	368,429	(29,282)	-7.29%
Non-current liabilities	78,104	64,528	39,721	13,576	100.00%
Deferred inflows of resources	<u>-</u>	<u>334</u>	<u>1,124</u>	<u>(334)</u>	<u>-100.00%</u>
Total liabilities and deferred inflows of resources	450,622	466,662	409,274	(16,040)	-3.44%
Net investment in capital assets	519,565	541,396	563,716	(21,831)	-4.03%
Restricted net position	119,306	106,941	100,433	12,365	11.56%
Unrestricted net position	<u>434,314</u>	<u>419,916</u>	<u>317,777</u>	<u>14,398</u>	<u>3.43%</u>
Total net position	<u>\$ 1,073,185</u>	<u>\$ 1,068,253</u>	<u>\$ 981,926</u>	<u>\$ 4,932</u>	<u>0.46%</u>

Net position increased by 0.46% from 2019 compared to a 8.79% increase between 2019 and 2018. Income from operations increased by 11.40% from 2019 and increased by 9.65% between 2019 and 2018. Following is a summary of the changes in net position:

**Table 2**  
**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Operating revenues	\$ 4,061,584	\$ 3,649,579	\$ 3,426,182	\$ 412,005	11.29%
Less: Taxes on gross sales	<u>950,153</u>	<u>861,849</u>	<u>806,498</u>	<u>88,304</u>	<u>10.25%</u>
Net sales	3,111,431	2,787,730	2,619,684	323,701	11.61%
Cost of sales	<u>2,094,482</u>	<u>1,864,055</u>	<u>1,765,913</u>	<u>230,427</u>	<u>12.36%</u>
Gross profit	1,016,949	923,675	853,771	93,274	10.10%
Less: Operating expenses	<u>542,934</u>	<u>498,151</u>	<u>465,682</u>	<u>44,783</u>	<u>8.99%</u>
Income from operations	474,015	425,524	388,089	48,491	11.40%
Nonoperating revenues and expenses	<u>4,067</u>	<u>2,518</u>	<u>1,944</u>	<u>1,549</u>	<u>61.52%</u>
Change in net position before distributions	478,082	428,042	390,033	50,040	11.69%
Distributions	<u>473,150</u>	<u>341,715</u>	<u>322,805</u>	<u>131,435</u>	<u>38.46%</u>
Change in net position	4,932	86,327	67,228	(81,395)	-94.29%
Net position, beginning	<u>1,068,253</u>	<u>981,926</u>	<u>914,698</u>	<u>86,327</u>	<u>8.79%</u>
Net position, ending	<u>\$ 1,073,185</u>	<u>\$ 1,068,253</u>	<u>\$ 981,926</u>	<u>\$ 4,932</u>	<u>0.46%</u>



Following is a breakdown of sales by source:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
Retail Liquor Sales	\$ 3,226,329	\$ 2,740,781	\$ 2,627,086	\$ 485,548	17.72%
Mixed Beverage Sales	825,103	901,051	790,664	(75,948)	-8.43%
Retail Wine Sales	<u>10,152</u>	<u>7,747</u>	<u>8,432</u>	<u>2,405</u>	<u>31.04%</u>
Total Sales	\$ 4,061,584	\$ 3,649,579	\$ 3,426,182	\$ 412,005	11.29%

The percentage of mixed beverage sales to the total decreased by 4.38% in 2020 and increased by 1.61% in 2019 compared to 2018. The economic impact of COVID-19 caused the Board's mixed beverage sales to decrease and retail sales to increase as local restaurants were not operating typical hours. Overall, sales increased 11.29%

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

Investment in capital assets as of June 30, 2020, totals \$519,565 (net of accumulated depreciation).

No major capital asset transactions occurred during the year.

	<b>Capital Assets (net of depreciation)</b>			<u>\$ Change This Yr Over Last Yr</u>	<u>% Change This Yr Over Last Yr</u>
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>		
Building and improvements	\$ 486,364	\$ 507,789	\$ 529,541	\$ (21,425)	-4.22%
Machinery and equipment	1,024	1,430	1,998	(406)	-28.39%
Furniture and fixtures	-	-	-	-	0.00%
Construction in progress	-	-	-	-	0.00%
Land	<u>32,177</u>	<u>32,177</u>	<u>32,177</u>	<u>-</u>	<u>0.00%</u>
Total	\$ 519,565	\$ 541,396	\$ 563,716	\$ (21,831)	-4.03%

Additional information on the ABC Board's capital assets can be found in Note 1.G.4 of the Basic Financial Statements.

#### **Debt Administration**

As of June 30, 2020, the ABC Board had no outstanding debt.

#### ***Request for Information***

This report is intended to provide a summary of the financial condition of the ABC Board. Questions or requests for additional information should be addressed to:

Sara Brewer, Manager  
High Country Municipal ABC Board  
PO Box 1508  
Banner Elk, NC 28604

# **BASIC FINANCIAL STATEMENTS**

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Statements of Net Position  
As of June 30, 2020 and 2019

<u>Assets</u>	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 581,370	\$ 598,558
Inventories	357,342	325,543
Prepaid expenses	8,980	11,113
<b>Total current assets</b>	<b>947,692</b>	<b>935,214</b>
<b>Noncurrent assets:</b>		
Plant and equipment (net of accumulated depreciation)	519,565	541,396
<b>Total assets</b>	<b>1,467,257</b>	<b>1,476,610</b>
 <b><u>Deferred Outflows of Resources</u></b>		
Deferred outflows of resources related to pensions	56,550	58,305
 <b><u>Liabilities</u></b>		
<b>Current liabilities:</b>		
Accounts payable - trade	130,940	181,073
Accounts payable - other	131,484	136,419
Accrued salaries	1,745	9,382
Accrued vacation	10,745	10,097
Law enforcement payable	1,662	-
Alcohol education payable	5,942	1,079
Distributions payable	90,000	63,750
<b>Total current liabilities</b>	<b>372,518</b>	<b>401,800</b>
<b>Non-current liabilities:</b>		
Net pension liability	78,104	64,528
<b>Total liabilities</b>	<b>450,622</b>	<b>466,328</b>
 <b><u>Deferred Inflows of Resources</u></b>		
Deferred inflows of resources related to pensions	-	334
 <b>Net Position:</b>		
Net investment in capital assets	519,565	541,396
Restricted for working capital	119,306	106,941
Unrestricted	434,314	419,916
<b>Total net position</b>	<b>\$ 1,073,185</b>	<b>\$ 1,068,253</b>

The accompanying notes are an integral part of the financial statements.

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Statements of Revenues, Expenses and Changes in Net Position  
For the Twelve Months Ended June 30, 2020 and 2019

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
<b>Operating revenue:</b>		
Liquor sales	\$ 3,226,329	\$ 2,740,781
Mixed beverage sales	825,103	901,051
Wine sales	10,152	7,747
	<u>4,061,584</u>	<u>3,649,579</u>
<b>Total gross sales</b>		
<b>Deduct taxes on gross sales:</b>		
State excise tax	874,432	779,846
Mixed beverage tax (Revenue)	60,130	66,524
Mixed beverage tax (Human Resources)	6,013	6,653
Rehabilitation tax (County)	8,907	8,334
Wine sales tax	671	492
	<u>950,153</u>	<u>861,849</u>
<b>Total taxes</b>		
<b>Net sales</b>	<u>3,111,431</u>	<u>2,787,730</u>
<b>Deduct cost of sales</b>	2,094,482	1,864,055
<b>Gross profit on sales</b>	<u>1,016,949</u>	<u>923,675</u>
<b>Deduct operating expenses:</b>		
Store expenses	490,911	444,762
Administrative expenses	30,192	31,069
Depreciation	21,831	22,320
	<u>542,934</u>	<u>498,151</u>
<b>Total operating expenses</b>		
<b>Income from operations</b>	<u>474,015</u>	<u>425,524</u>
<b>Nonoperating revenues and expenses:</b>		
Interest income	4,067	2,518
Interest expense	-	-
	<u>4,067</u>	<u>2,518</u>
<b>Total nonoperating revenues (expenses)</b>		
<b>Change in net position before distributions</b>	<u>478,082</u>	<u>428,042</u>
<b>Deduct:</b>		
Law enforcement	27,558	18,801
Alcohol education	25,592	22,914
	<u>424,932</u>	<u>386,327</u>
<b>Change in net position before profit distributions</b>		
<b>Profit distributions:</b>		
Town of Banner Elk	140,000	100,000
Town of Seven Devils	140,000	100,000
Town of Sugar Mountain	140,000	100,000
	<u>420,000</u>	<u>300,000</u>
<b>Total profit distributions</b>		
<b>Change in net position</b>	<u>4,932</u>	<u>86,327</u>
Net position, beginning of period	1,068,253	981,926
<b>Net position, end of period</b>	<u>\$ 1,073,185</u>	<u>\$ 1,068,253</u>

The accompanying notes are an integral part of the financial statements.

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Statements of Cash Flows  
For the Twelve Months Ended June 30, 2020 and 2019

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,061,584	\$ 3,649,579
Payments for inventory costs	(2,126,281)	(1,900,973)
Payments for operating expenses	(566,030)	(435,554)
Taxes paid	(950,153)	(861,849)
	<u>419,120</u>	<u>451,203</u>
<b>Cash flows from non-capital financing activities:</b>		
Distributions to Town	(393,750)	(300,000)
Distributions- Alcohol education	(20,729)	(21,835)
Distributions- Law enforcement	(25,896)	(18,801)
	<u>(440,375)</u>	<u>(340,636)</u>
<b>Cash flows from investing activities:</b>		
Interest income	4,067	2,518
Sale (Purchase) of fixed assets	-	-
	<u>4,067</u>	<u>2,518</u>
<b>Net cash provided (used) by investing activities</b>	<u>4,067</u>	<u>2,518</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(17,188)	113,085
Cash and cash equivalents, beginning of period	598,558	485,473
<b>Cash and cash equivalents, end of period</b>	<u>\$ 581,370</u>	<u>\$ 598,558</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities:</b>		
Income (loss) from operations	\$ 474,015	\$ 425,524
<b>Adjustments to reconcile income from operations to net cash provided (used) by operating activities:</b>		
Depreciation	21,831	22,320
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in inventories	(31,799)	(36,917)
(Increase) decrease in prepaid expenses	2,133	2,109
(Increase) decrease in deferred outflows of resources	1,755	(18,142)
Increase (decrease) in accounts payable	(55,068)	29,189
Increase (decrease) in accrued salaries	(7,637)	620
Increase (decrease) in accrued vacation	648	2,483
Increase (decrease) in net pension liability	13,576	24,807
Increase (decrease) in deferred inflows of resources	(334)	(790)
	<u>(54,895)</u>	<u>25,679</u>
<b>Total adjustments</b>	<u>(54,895)</u>	<u>25,679</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 419,120</u>	<u>\$ 451,203</u>

The accompanying notes are an integral part of the financial statements.

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**

Notes to the Financial Statements

June 30, 2020 and 2019

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- A. Principles Used in Determining the Scope of the Entity for Financial Reporting** – The High Country Municipal Alcoholic Beverage Control Board is a corporate body with powers outlined by General Statutes [Chapter 18B-701].

The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the towns of Banner Elk, Seven Devils and Sugar Mountain, which represents a financial benefit to the Towns. Until such time as cumulative surplus distributions total \$700,000, the percentage to be distributed to each town was Seven Devils 50%, Banner Elk 30%, and Sugar Mountain 20%. Due to Seven Devils having the largest economic benefit, High Country Municipal ABC Board was reported as a discretely presented component unit in the Town of Seven Devils' financial statements. Beginning after the cumulative distributions to all three towns totaled \$700,000, the consolidated ABC board began paying equal shares (33 1/3%) to the general funds of the three towns. This occurred in December of 2003. Subsequently, High Country Municipal ABC Board is no longer presented as a component unit in the Town of Seven Devils' financial statements.

- B. Organizational History** - The Board was organized by resolutions of the Town of Banner Elk on September 29, 1998, the Town of Seven Devils on October 5, 1998, and the Village of Sugar Mountain on September 28, 1998, pursuant to G.S. 18B605. The Board is comprised of three members and an alternate for each member, one member and one alternate to be appointed by the governing body of each town.

The ABC Board, as provided by North Carolina Alcoholic Beverage Control laws, operates one liquor store, and through its law enforcement division, investigates violations of such laws. North Carolina General Statute [18B-805(c)(2)(3)] requires that the ABC board expend at least 5% of profits for law enforcement and at least 7% of the same profits for alcohol education and rehabilitation purposes.

- C. 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 assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- D. 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 the sale. Other revenues are recorded when earned. Expenses are recognized when incurred.

- E. 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 expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.
- F. Pensions** – For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows or resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 ABC Board’s employer contributions are recognized when due and the ABC 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.
- G. Assets, Liabilities, and Net Position** -
- 1. Deposits** - All deposits of the High Country Municipal Alcoholic Beverage Control Board are made in board-designated official depositories and are collateralized as required by State Law [G.S. 159-31]. The ABC Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the ABC Board may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

All of the ABC 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 ABC Board's agent in the ABC 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 ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the ABC 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. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the ABC Board's deposits had a carrying amount of \$581,370 and a bank balance of \$630,527. \$250,000 of the bank balance was covered by federal depository insurance and the remainder was covered under the pooling method.

At June 30, 2019, the ABC Board's deposits had a carrying amount of \$598,558 and a bank balance of \$569,830. \$250,000 of the bank balance was covered by federal depository insurance and the remainder was covered under the pooling method.

2. **Cash and Cash Equivalents** - For the purposes of the statement of cash flows, the High Country Municipal Alcoholic Beverage Control Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

3. **Inventories** – Inventories are valued at the lower of cost (LIFO) or market.

4. **Capital Assets** – Capital Asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 32,177	\$ -	\$ -	\$ 32,177
Construction in progress	-	-	-	-
Total capital assets not being depreciated	32,177	-	-	32,177
<b>Capital assets being depreciated:</b>				
Building and improvements	817,217	-	-	817,217
Machinery and equipment	39,693	-	-	39,693
Furniture and fixtures	45,947	-	-	45,947
Total capital assets being depreciated	902,857	-	-	902,857
<b>Less accumulated depreciation for:</b>				
Building and improvements	309,428	21,425	-	330,853
Machinery and equipment	38,263	406	-	38,669
Furniture and fixtures	45,947	-	-	45,947
Total accumulated depreciation	393,638	\$ 21,831	\$ -	415,469
Total capital assets being depreciated, net	509,219			487,388
<b>Capital assets, net</b>	<b>\$ 541,396</b>			<b>\$ 519,565</b>

5. **Net Position** – Net position may consist of the following:

1) **Net Investment in Capital Assets** – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of 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.

2) **Restricted for law enforcement** - this applies only when the ABC Board employs its own ABC officer.

3) **Restricted for capital improvements** - G.S. 18B-805(d) requires approval of the appointing authority to establish this amount.



- 4) **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 nor greater than three months' average gross sales of the last fiscal year. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by G.S. 18B-805(b), (2), (3) and (4).
- 5) **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*.

## 2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

For the fiscal year ended June 30, 2020, the expenditures made by the High Country Municipal Alcoholic Beverage Control Board for cost of goods sold, rehabilitation tax (county), payroll taxes, and late fees and penalties exceeded the authorized appropriations made by the governing board by \$127,072. Management and the Board will implement the following steps to ensure compliance in future years.

The need for budgetary amendments will be incorporated into the monthly close.

## 3. **PENSION PLAN OBLIGATIONS**

### A. **Local Government Employee's Retirement System**

**Plan Description.** The ABC 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 government 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 Local Government Employees' Retirement System 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 (910)-981-5454, or at [osc.nc.gov](http://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 age 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 of the plan.

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 ABC 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 ABC Board's contractually required contribution rate for the year ended June 30, 2020, was 8.95% 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 ABC Board were \$22,656 for the year ended June 30, 2020.

***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.

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

At June 30, 2020, the Board reported a liability of \$78,104 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 (measurement date), the Board's proportion was 0.00286% which was an increase of 0.00016% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Board recognized pension expense of \$37,654. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	13,373	-
Changes of assumptions	12,730	-
Net difference between projected and actual earnings on pension plan investments	1,905	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,886	-
Employer contributions subsequent to the measurement date	22,656	-
Total	<u>\$ 56,550</u>	<u>\$ -</u>

\$22,656 reported 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, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$	16,299
2022		6,087
2023		8,700
2024		2,808
Thereafter		-
	<u>\$</u>	<u>33,894</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

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

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 7.00%. 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.

**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 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
ABC Board's proportionate share of the net pension liability (asset)	178,639	78,104	(5,460)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**B. Death Benefits**

The Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government 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 dies within 180 days after retirement or termination of service and have at least one year of contributing 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 the 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.

**4. LONG-TERM INDEBTEDNESS:**

The Board had no long-term debt outstanding at June 30, 2020.

**5. VACATION AND SICK LEAVE**

ABC Board employees may accumulate up to forty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2020 and 2019 amounted to approximately \$10,745 and \$10,097, respectively, and is reflected in the financial statements.

Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefits purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**6. DISTRIBUTIONS OF INCOME**

The Board has made the following distributions since its inception:

State law [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.

<u>This Year</u>	<u>To Date</u>
\$ 420,000	\$ 4,992,502

**7. LAW ENFORCEMENT AND ALCOHOL EDUCATION EXPENSES**

The ABC Board is required by law to expend at least 5% of its profits for law enforcement and not less than 7% for alcohol education. Profits are defined by law for these calculations as change in net position before law enforcement and educational expenses, less the 3 ½ % markup provided in G.S. 18B-804(b)(5) and the bottle charge provided for in G.S. 18B-804(b)(6b).

Profits before distributions	\$ 478,082
Less: 3 1/2% tax and bottle charge	<u>112,475</u>
Profit subject to expense percentages	<u>\$ 365,607</u>
Law enforcement expenditures	<u>\$ 27,558</u>
-actual (percent of profit)	<u>7.54%</u>
Provision for alcohol education and rehabilitation	<u>\$ 25,592</u>
-actual(percentage of profit)	<u>7.00%</u>

**8. DISBURSEMENT OF TAXES INCLUDED IN SELLING PRICE**

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

Taxes payable 7/1/2019	\$ 77,633
Taxes collected during the year	\$ 874,432
Taxes remitted to Department of Revenue	\$ 859,005
Taxes payable 06/30/2020	\$ 93,060

The excise tax is computed in accordance with G.S. 18B-805(i).

The accrued North Carolina excise tax at June 30, 2020 was remitted to the North Carolina Department of Revenue on July 7, 2020.

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 to the county commissioners for alcohol education and rehabilitation.

For the period, payments to the county were based on the following bottle sales:

Regular Bottles	136,959	@ 5 cents =	\$ 6,848
Mixed Beverage Bottles	31,202	@ 5 cents =	1,560
Miniature Bottles	49,851	@ 1 cent =	<u>499</u>
Total payments for the year		=	<u>\$ 8,907</u>

A "mixed beverage tax" 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 Department of Revenue. Five percent of the mixed beverage tax is submitted monthly to the Department of Human Resources.

The mixed beverage tax for the period was:

Department of Revenue (50%)	\$ 60,130
Department of Human Resources (5%)	6,013
Profit Retained (45%)	<u>54,117</u>
Total	<u><u>\$ 120,260</u></u>

**9. SURCHARGE COLLECTED:**

The total amount of Surcharge collected for the fiscal year ended June 30, 2020 was \$22,348. The bailment surcharge rate is \$1.15 per case.

**10. LIQUOR SALES TAX:**

The total amount of sales tax collected by High Country Municipal Alcoholic Beverage Control Board and remitted to the Department of Revenue for the fiscal year ended June 30, 2020 was \$225,872. The current sales tax rate is 7%.

**11. MAINTENANCE OF WORKING CAPITAL**

High Country Municipal Alcoholic Beverage Control 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).

The board's position on this requirement is as follows:

Minimum Amount	\$ 119,306
Maximum Amount	\$ 775,488
Actual Amount	\$ 566,194

The board has met the minimum amount of working capital.

**12. RISK MANAGEMENT**

The High Country Municipal Alcoholic Beverage Control Board is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability.

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.

**13. RELATED ORGANIZATIONS**

Effective November 1, 1998, the Alcoholic Beverage Control Boards of the towns of Seven Devils, Banner Elk, and Sugar Mountain were merged into the High Country Municipal Alcoholic Beverage Control Board. Profits from the High Country Municipal Alcoholic Beverage Control Board are distributed pursuant to an agreement signed by the three towns.

**14. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 21, 2020, the date on which the financial statements were available to be issued.



**REQUIRED  
SUPPLEMENTARY INFORMATION**

**High Country Municipal Alcoholic Beverage Control Board**  
**ABC Board's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Seven Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.0029%	0.0027%	0.0026%	0.0027%	0.0027%	(0.0028%)	0.0021%
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 78,104	\$ 64,528	\$ 39,721	\$ 56,879	\$ 11,938	\$ (16,277)	\$ 25,313
ABC Board's covered-employee payroll	\$ 217,485	\$ 195,897	\$ 220,744	\$ 211,760	\$ 200,262	\$ 202,953	\$ 197,684
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.91%	32.94%	17.99%	26.86%	5.96%	-8.02%	12.80%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

**High Country Municipal Alcoholic Beverage Control Board  
 ABC Board's Contributions  
 Required Supplementary Information  
 Last Seven Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 22,656	\$ 17,116	\$ 14,927	\$ 16,105	\$ 13,598	\$ 14,519	\$ 13,976
Contributions in relation to the contractually required contribution	22,656	17,116	14,927	16,105	14,378	14,519	14,349
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered employee payroll	\$ 253,136	\$ 217,485	\$ 195,897	\$ 220,744	\$ 211,760	\$ 200,262	\$ 202,953
Contributions as a percentage of covered-employee payroll	8.95%	7.87%	7.62%	7.30%	6.79%	7.25%	7.07%

## **SUPPLEMENTARY INFORMATION**

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Schedules of Expenses by Store  
For the Twelve Months Ended June 30, 2020 and 2019

	<u>2020</u>	<u>June 30</u>	<u>2019</u>
Salaries	\$ 258,229		\$ 233,162
Dues and subscriptions	558		546
Utilities	6,274		7,780
Telephone	2,063		2,425
Insurance- general	13,204		11,271
Employee benefits	86,414		74,259
Bank charges	52,301		44,980
Supplies	5,233		5,101
Payroll taxes	20,369		17,787
Maintenance and repairs	15,245		17,062
Equipment lease	31,021		30,389
	<u>\$ 490,911</u>		<u>\$ 444,762</u>

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Schedules of Administrative Expenses  
For the Twelve Months Ended June 30, 2020 and 2019

	<u>June 30</u>	
	<u>2020</u>	<u>2019</u>
Professional fees	\$ 9,520	\$ 9,520
Director fees	9,300	9,250
Office expense	6,026	6,944
Conferences & meetings	3,701	5,355
Late fees & penalties	1,645	-
	<u>\$ 30,192</u>	<u>\$ 31,069</u>

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Schedule of Distributions of Profits  
For the Year Ended June 30, 2020

<b>Distribution</b>	<b>Recipient</b>	<b>Amount</b>	<b>Date of Distribution</b>	<b>Restrictions on Use</b>
<b>Law Enforcement</b>				
	Law Enforcement Officer	\$ 20,646	2019-2020 Salary	Law enforcement
	Town of Banner Elk	250	9/17/2019	Law enforcement
	Town of Seven Devils	250	9/17/2019	Law enforcement
	Town of Sugar Mountain	250	9/17/2019	Law enforcement
	Town of Banner Elk	500	10/22/2019	Law enforcement
	Town of Seven Devils	500	10/22/2019	Law enforcement
	Town of Sugar Mountain	500	10/22/2019	Law enforcement
	Town of Banner Elk	500	2/12/2020	Law enforcement
	Town of Seven Devils	500	2/12/2020	Law enforcement
	Town of Sugar Mountain	500	2/12/2020	Law enforcement
	Town of Banner Elk	500	5/15/2020	Law enforcement
	Town of Seven Devils	500	5/15/2020	Law enforcement
	Town of Sugar Mountain	500	5/15/2020	Law enforcement
<b>Total</b>		<b>\$ 25,896</b>		
<b>Alcohol Education</b>				
	Mountain Alliance	\$ 10,000	9/23/2019	Alcohol education
	Club 12, Inc.	5,000	11/25/2019	Alcohol education
	Cycle 4 Life	1,500	1/6/2020	Alcohol education
	Western Youth Network	4,229	8/26/2020	Alcohol education
<b>Total</b>		<b>\$ 20,729</b>		
<b>Municipality</b>				
	Town of Banner Elk	\$ 20,000	7/19/2019	None
	Town of Seven Devils	20,000	7/19/2019	None
	Town of Sugar Mountain	20,000	7/19/2019	None
	Town of Banner Elk	21,250	9/17/2019	None
	Town of Seven Devils	21,250	9/17/2019	None
	Town of Sugar Mountain	21,250	9/17/2019	None
	Town of Banner Elk	30,000	10/22/2019	None
	Town of Seven Devils	30,000	10/22/2019	None
	Town of Sugar Mountain	30,000	10/22/2019	None
	Town of Banner Elk	30,000	2/12/2020	None
	Town of Seven Devils	30,000	2/12/2020	None
	Town of Sugar Mountain	30,000	2/12/2020	None
	Town of Banner Elk	30,000	5/15/2020	None
	Town of Seven Devils	30,000	5/15/2020	None
	Town of Sugar Mountain	30,000	5/15/2020	None
<b>Total</b>		<b>\$ 393,750</b>		

Note: The distributions above represent cash payments made in the current fiscal year.

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2020

	2020 Original Budget	2020 Revised Budget	2020 Actual	Variance Positive (Negative)
<b>Operating revenue:</b>				
Liquor sales - regular	\$ 2,940,000	\$ 3,120,000	\$ 3,226,329	\$ 106,329
Mixed beverage sales	928,620	928,620	825,103	(103,517)
Wine/mixer sales	7,875	7,875	10,152	2,277
Other income	2,050	2,050	4,067	2,017
<b>Total gross sales</b>	<u>3,878,545</u>	<u>4,058,545</u>	<u>4,065,651</u>	<u>7,106</u>
<b>Deduct taxes on gross sales:</b>				
State excise tax	878,716	878,716	874,432	4,284
Mixed beverage tax (Revenue)	65,538	65,538	60,130	5,408
Mixed beverage tax (Human Resources)	6,054	6,054	6,013	41
Rehabilitation tax (County)	8,513	8,513	8,907	(394)
Wine sales tax	795	795	671	124
<b>Total taxes</b>	<u>959,616</u>	<u>959,616</u>	<u>950,153</u>	<u>9,463</u>
<b>Net sales</b>	2,918,929	3,098,929	3,115,498	16,569
<b>Deduct cost of sales</b>	<u>1,873,440</u>	<u>1,973,440</u>	<u>2,094,482</u>	<u>(121,042)</u>
<b>Gross profit on sales</b>	<u>1,045,489</u>	<u>1,125,489</u>	<u>1,021,016</u>	<u>(104,473)</u>
<b>Deduct operating expenses:</b>				
Salaries	278,791	278,791	258,229	20,562
Dues and subscriptions	1,500	1,500	558	942
Utilities and telephone	10,500	10,500	8,337	2,163
Insurance - general	14,000	14,000	13,204	796
Employee benefits	86,500	86,500	48,760	37,740
Payroll taxes	20,336	20,336	20,369	(33)
Supplies	5,500	5,500	5,233	267
Credit card and bank charges	60,300	60,300	52,301	7,999
Maintenance and repairs	61,000	21,323	15,245	6,078
Equipment lease	34,000	34,000	31,021	2,979
Director fees	10,800	10,800	9,300	1,500
Legal and professional	10,000	10,000	9,520	480
Office expense	7,100	7,100	6,026	1,074
Contingency	24,062	57,538	-	57,538
Conferences and meetings	7,500	3,701	3,701	-
Late fees and penalties	-	-	1,645	(1,645)
<b>Total</b>	<u>631,889</u>	<u>621,889</u>	<u>483,449</u>	<u>138,440</u>
Capital outlay:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>631,889</u>	<u>621,889</u>	<u>483,449</u>	<u>138,440</u>



**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2020

	<u>2020 Original Budget</u>	<u>2020 Revised Budget</u>	<u>2020 Actual</u>	<u>Variance Positive (Negative)</u>
Distributions:				
Law enforcement	23,600	23,600	27,558	(3,958)
Alcohol education and rehabilitation	30,000	30,000	25,592	4,408
Municipal	360,000	450,000	420,000	30,000
Other	-	-	-	-
Total distributions	<u>413,600</u>	<u>503,600</u>	<u>473,150</u>	<u>30,450</u>
 Total expenditures and distributions	 <u>1,045,489</u>	 <u>1,125,489</u>	 <u>956,599</u>	 <u>168,890</u>
 Revenues over / (under) expenditures	 -	 -	 64,417	 64,417
Other financing (uses):				
Appropriated fund balance	-	-	-	-
 Revenues over expenditures and other financing sources / (uses)	 <u>\$ -</u>	 <u>\$ -</u>	 <u>64,417</u>	 <u>\$ 64,417</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation			(21,831)	
Pension expense			(37,654)	
Purchase of fixed assets			-	
Total			<u>(59,485)</u>	
 Change in net position			 <u>\$ 4,932</u>	

**HIGH COUNTRY MUNICIPAL  
ALCOHOLIC BEVERAGE CONTROL BOARD**  
Financial Highlights  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>June 30</u>	<u>2019</u>
Liquor sales - regular	\$ 3,226,329		\$ 2,740,781
Liquor sales - mixed beverage	825,103		901,051
Wine sales	<u>10,152</u>		<u>7,747</u>
Total sales	<u>\$ 4,061,584</u>		<u>\$ 3,649,579</u>
Net income before required distributions	\$ 478,082		\$ 428,042
Percent of net income to total sales	11.77%		11.73%
Percent of gross profit to total sales	25.04%		25.31%
Bailment surcharge	\$ 22,348		\$ 21,985
Percent of cost of sales to total sales	51.57%		51.08%
Operating ratio	53.39%		53.93%