

**MONTGOMERY ALCOHOLIC  
BEVERAGE CONTROL BOARD**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**September 30, 2021 and 2020**

**JBW**

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**J. B. WATSON & Co., P.L.L.C.**  
Certified Public Accountants

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**TABLE OF CONTENTS**  
**September 30, 2021 and 2020**

	<u>Page</u>
<b>INDEPENDENT ACCOUNTANTS' COMPILATION REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statements of Fund Net Position	2
Statements of Revenues, Expenses, and Changes in Fund Net Position	3
Statements of Cash Flows	4
Notes to the Financial Statements	6
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Local Governmental Employees' Retirement System:	
Schedule of Proportionate Share of Net Pension Liability (Asset)	20
Schedule of Contributions	21
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Store Expenses	22
Schedules of Administrative Expenses	23
Schedules of Revenues, Expenses, and Changes in Net Postion before Distributions by Location	24
Schedules of Store Expenses by Location	25
Schedules of Administrative Expenses by Location	26
Schedule of Distributions of Profits	27

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Montgomery Alcoholic Beverage Control Board  
Biscoe, North Carolina

Management is responsible for the accompanying financial statements of the business-type activities and each major fund of Montgomery Alcoholic Beverage Control Board as of and for the three months ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Local Governmental Employees' Retirement System's Schedules of Proportionate Share of Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information. During our compilation, however, we became aware that the required supplementary information had not been updated as required by accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, accounting principles generally accepted in the United States of America require accounting and financial reporting for pensions as of a certain measurement period. Management has not updated the pension information due to unavailability of the actuarial valuation. Management has not determined the effect of this departure on the financial statements.

### Supplementary Information

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*J. B. Watson & Co., P.L.L.C.*

December 31, 2021

**BASIC FINANCIAL STATEMENTS**

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**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**STATEMENTS OF FUND NET POSITION**  
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 352,463	\$ 216,186
Prepaid expenses	4,801	4,660
Inventory	<u>306,934</u>	<u>297,772</u>
<b>TOTAL CURRENT ASSETS</b>	<u>664,198</u>	<u>518,618</u>
<b>CAPITAL ASSETS</b>		
Land	20,000	20,000
Building and improvements	203,126	192,296
Furniture and equipment	<u>145,580</u>	<u>142,798</u>
	368,706	355,094
Accumulated depreciation	<u>(292,926)</u>	<u>(284,435)</u>
	<u>75,780</u>	<u>70,659</u>
<b>TOTAL ASSETS</b>	<u>739,978</u>	<u>589,277</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>36,838</u>	<u>31,275</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 776,816</u>	<u>\$ 620,552</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 185,591	\$ 153,753
<b>NONCURRENT LIABILITIES</b>		
Net pension liability	<u>48,956</u>	<u>38,779</u>
<b>TOTAL LIABILITIES</b>	<u>234,547</u>	<u>192,532</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	75,780	70,659
Restricted for:		
Working capital	74,603	67,124
Unrestricted	<u>391,886</u>	<u>290,237</u>
<b>TOTAL NET POSITION</b>	<u>542,269</u>	<u>428,020</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 776,816</u>	<u>\$ 620,552</u>

See accompanying notes and accountants' report.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
For the Three Months Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Liquor sales	\$ 565,320	\$ 511,591
Mixed beverage sales	<u>64,815</u>	<u>55,174</u>
<b>TOTAL GROSS SALES</b>	<u>630,135</u>	<u>566,765</u>
<b>DEDUCT TAXES ON GROSS SALES</b>		
State excise tax	137,466	123,704
Rehabilitation tax	1,948	1,813
Mixed beverage tax (Revenue)	5,272	4,493
Mixed beverage tax (Human Resources)	<u>527</u>	<u>449</u>
<b>TOTAL TAXES</b>	<u>145,213</u>	<u>130,459</u>
<b>NET SALES</b>	484,922	436,306
<b>COST OF LIQUOR SALES</b>	<u>325,493</u>	<u>291,412</u>
<b>GROSS PROFIT ON SALES</b>	<u>159,429</u>	<u>144,894</u>
<b>OPERATING EXPENSES</b>		
Store expenses	87,110	77,532
Administrative expenses	19,947	16,801
Depreciation expense	<u>2,122</u>	<u>2,039</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>109,179</u>	<u>96,372</u>
<b>INCOME FROM OPERATIONS</b>	50,250	48,522
<b>NONOPERATING REVENUES</b>		
Interest income	<u>196</u>	<u>90</u>
<b>CHANGE IN NET POSITION BEFORE DISTRIBUTIONS</b>	50,446	48,612
Law enforcement distributions	<u>(300)</u>	<u>(300)</u>
<b>CHANGE IN NET POSITION BEFORE PROFIT DISTRIBUTIONS</b>	<u>50,146</u>	<u>48,312</u>
<b>PROFIT DISTRIBUTIONS</b>		
Towns - Law enforcement per enabling act	-	-
Towns	-	-
County	<u>-</u>	<u>-</u>
<b>TOTAL PROFIT DISTRIBUTIONS</b>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	50,146	48,312
<b>NET POSITION, BEGINNING</b>	<u>492,123</u>	<u>379,708</u>
<b>NET POSITION, ENDING</b>	<u>\$ 542,269</u>	<u>\$ 428,020</u>

See accompanying notes and accountants' report.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**STATEMENTS OF CASH FLOWS**  
For the Three Months Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 669,741	\$ 602,605
Liquor taxes paid	(146,373)	(126,322)
Cash payments to suppliers for goods and services	(351,841)	(333,457)
Cash payments to employees for services	(63,220)	(58,935)
Other operating expenses	(29,281)	(25,215)
Liquor sales taxes paid	<u>(39,070)</u>	<u>(34,727)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>39,956</u>	<u>23,949</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Law enforcement and alcohol education distributions	(14,500)	(2,440)
Profit distributions to County and Towns	<u>(72,300)</u>	<u>(58,791)</u>
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(86,800)</u>	<u>(61,231)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>196</u>	<u>90</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(46,648)	(37,192)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>399,111</u>	<u>253,378</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 352,463</u>	<u>\$ 216,186</u>

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**STATEMENTS OF CASH FLOWS**  
For the Three Months Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Income from operations	\$ 50,250	\$ 48,522
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	2,122	2,039
Changes in assets and liabilities:		
Increase in inventory	(6,680)	(20,637)
Decrease in accounts payable and accrued expenses	<u>(5,736)</u>	<u>(5,975)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 39,956</u>	<u>\$ 23,949</u>

See accompanying notes and accountants' report.



**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Principles used in determining the scope of the entity for financial reporting**

Montgomery ABC Board is a corporate body with powers outlined by G.S. 18B-701. The Town councils of Biscoe, Candor, Mt. Gilead, Star, and Troy appoint the ABC Board. The basic criteria of oversight responsibility was used to determine that the Towns do not exercise sufficient control to warrant inclusion of the ABC Board as part of the Towns' reporting entities.

Effective January 1, 2009, the Montgomery County Board of Commissioners appoints a board member in addition to the members appointed by the Town councils of Biscoe, Candor, Mount Gilead, Star, and Troy. This change to the ABC Board necessitated a change in the legal corporate name from Montgomery Municipal Alcoholic Beverage Control Board to Montgomery Alcoholic Beverage Control Board.

**B. Organizational History**

The Board was organized under the provisions of Senate Bill #170, Chapter 145 of the North Carolina legislature, General Assembly of 1969, March 31, 1969, and implemented by citywide elections in the Towns of Biscoe and Mount Gilead, North Carolina held May 6, 1969. The Town councils of Biscoe, Candor, Mount Gilead, Star, and Troy each appointed one member to serve on the Board.

The ABC Board, as provided by North Carolina Alcoholic Beverage Control laws, operates two retail liquor stores. North Carolina General Statute 18B-805(c)(2)(3) requires the ABC Board to 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 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.

**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 sale. Other revenues are recorded when earned. Expenses are recognized when incurred. The ABC Board

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

distinguishes operating revenues and expenses from nonoperating items. Operating revenues include liquor, mixed beverage, and wine sales. Operating expenses include cost of sales, store expenses, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**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 revenue 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/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 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**

**Deposits**

All deposits of the ABC 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 association whose principal office is located in North Carolina. Also, the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All 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 ABC Board, these deposits are considered to be held by the ABC Board's agent in the ABC 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

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

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 undercollateralization, 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 ABC Board has no policy regarding custodial credit risk for deposits.

At September 30, 2021 and 2020, the ABC Board's deposits had a carrying amount of \$350,053 and \$213,221, respectively, and bank balances of \$342,732 and \$208,641, respectively. At September 30, 2021, all of the ABC Board's bank balances were covered by federal depository insurance. At September 30, 2021 and 2020, the ABC Board's petty cash fund totaled \$2,410 and \$2,965, respectively.

**Investments**

State law [G.S. 159-30 (c)] authorizes the ABC 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 bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund. At September 30, 2021 and 2020, the ABC Board had no investments.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the ABC Board considers all highly liquid investments (including restricted assets, if any) with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Montgomery ABC Board had no accounts receivable at September 30, 2021 and 2020.

**Inventory**

Inventory is valued at the lower of cost (FIFO) or market.

**Capital Assets**

Capital assets are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis as follows:

	<u>Useful life of asset</u>
Building and improvements	20 yrs.
Furniture and equipment	5-10 yrs.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

Capital asset activity for the three months ended September 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
<b>Capital assets being depreciated:</b>				
Building and improvements	203,126	-	-	203,126
Furniture and equipment	<u>145,580</u>	<u>-</u>	<u>-</u>	<u>145,580</u>
Total capital assets being depreciated	<u>348,706</u>	<u>-</u>	<u>-</u>	<u>348,706</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	155,829	1,152	-	156,981
Furniture and equipment	<u>134,975</u>	<u>970</u>	<u>-</u>	<u>135,945</u>
Total accumulated depreciation	<u>290,804</u>	<u>2,122</u>	<u>-</u>	<u>292,926</u>
<b>Capital assets, net</b>	<u>\$ 77,902</u>			<u>\$ 75,780</u>

When an asset is disposed of, the cost and the related accumulated depreciation of the asset are removed from the books. Any gain or loss on the disposition is reflected in the earnings for the period.

Depreciation expense for the three months ended September 30, 2021 and 2020, was \$2,122 and \$2,039, respectively.

**Net Position**

Net position consists of the following:

- a. 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 period 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 unspent proceeds.
- b. 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 or greater than: (1) four months of the latest fiscal year

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

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)].

- c. 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*.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Noncompliance with North Carolina General Statutes**

No significant matters of noncompliance with fiscal and General Statute requirements have occurred.

**NOTE 3 – PENSION PLAN OBLIGATIONS**

**Local Governmental Employees' Retirement System**

*Plan Description:* The ABC Board is a participating employer in the statewide Local Governmental 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 Local Governmental 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 (919) 981-5454, or at [www.osc.nc.gov](http://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 age 60. Eligible beneficiaries may elect to

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

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.

*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 six percent 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 three months ended September 30, 2021, was 11.47% 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. The ABC Board does not employ any law enforcement officers. The ABC Board's contributions to LGERS for the three months ended September 30, 2021 and 2020, were \$3,999 and \$3,471, 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.

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

The net pension liability, deferred outflows of resources, deferred inflows of resources, and pension deferrals have not been updated to the measurement date June 30, 2021, using the December 31, 2020, actuarial valuation because these calculations are not available yet from LGERS. Therefore, the ABC Board is still reporting the net pension liability and related deferrals as reported in its June 30, 2021, financial statements, which were measured as of June 30, 2020. This is a departure from accounting principles generally accepted in the United States of America. The ABC Board has not determined the effect of this departure on the financial statements but feels any effect would be immaterial.

At June 30, 2021, the ABC Board reported a liability of \$48,956 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, 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, 2021, the Board's proportion was 0.00137% (measured as of June 30, 2020), which was a decrease of .00005% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

For the fiscal year ended June 30, 2021, the Board recognized pension expense of \$19,382. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,182	\$ -
Changes of assumptions	3,643	-
Net difference between projected and actual earnings on pension plan investments	6,889	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,356	-
ABC Board's contributions subsequent to the measurement date	<u>14,768</u>	<u>-</u>
Total	<u>\$ 36,838</u>	<u>\$ -</u>

\$14,768 reported at June 30, 2021, 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 ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ 6,778
2023	8,075
2024	5,179
2025	2,038
2026	-
Thereafter	-

*Actuarial Assumptions:* The total pension liability in the December 31, 2019, 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

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2019, valuation were based on the results of an actuarial experience study as of December 31, 2014.

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, 2020, 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%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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.



**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

*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 (Asset) 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:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Board’s proportionate share of the net pension liability (asset)	\$ 99,326	\$ 48,956	\$ 7,095

*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.

**Death Benefits**

Montgomery Alcoholic Beverage Control Board has 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 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. Because all death benefit payments are made from the Death Benefit Plan and not by the ABC Board, the ABC Board does not determine the number of eligible participants. The Board has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Board considers these contributions to be immaterial.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

For the three months ended September 30, 2021, Montgomery Alcoholic Beverage Control Board made contributions to the State for death benefits of \$42. The Board's required contributions for employees not engaged in law enforcement represented 0.12% of covered payroll. The Board does not employ any law enforcement officers.

**NOTE 4 – COMMITMENTS**

The ABC Board had no commitments at September 30, 2021, outside of the normal course of operations.

**NOTE 5 – LONG TERM DEBT AND LEASES**

The ABC Board had no leases or long-term debt as of September 30, 2021 and 2020.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The ABC Board had no significant transactions involving related parties.

**NOTE 7 – SUBSEQUENT EVENTS**

In March 2020, the World Health Organization (WHO) classified the COVID-19 outbreak as a pandemic. As of the date of this report, the full impact of the COVID-19 pandemic continues to evolve. Management is monitoring the situation on an on-going basis. An estimate of the future financial impact, if any, is not practicable at this time.

**NOTE 8 – VACATION AND SICK LEAVE COMPENSATION**

ABC Board employees may accumulate up to twenty-five days of earned vacation and such leave is fully vested when earned. Accumulated earned vacation was \$3,559 and \$2,335 at September 30, 2021 and 2020, respectively.

Employees can accumulate up to eight weeks of sick leave. Sick leave does not vest and cannot 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.

**NOTE 9 – DISTRIBUTIONS OF INCOME**

The Board has made distributions since its inception in 1969 as follows:

	Current period	Total to date
Montgomery County	\$ -	\$ 923,149
Town of Biscoe	-	325,278
Town of Candor	-	121,534
Town of Mount Gilead	-	315,254
Town of Star	-	137,225
Town of Troy	-	453,167
	<u>\$ -</u>	<u>\$2,275,607</u>

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

S.L. 1969 – 145 requires the entire profit, after deducting amounts required for law enforcement and alcohol education and retaining proper working capital, be paid annually to the County and Towns.

**NOTE 10 – 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% of its profits for alcohol education (alcohol education requirements follow 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 for in G.S. 18B-804 (b) (5) and the bottle charge provided for in G.S. 18B-804 (b) (6b).

	<u>2021</u>	<u>2020</u>
Profit before distributions	\$ 50,446	\$ 48,612
Less 3.5% tax and bottle charge	<u>(17,987)</u>	<u>(16,245)</u>
Profit subject to expense percentages	<u>\$ 32,459</u>	<u>\$ 32,367</u>
Law enforcement distributions - actual	<u>\$ 300</u>	<u>\$ 300</u>
Percent of profit	<u>0.92%</u>	<u>0.93%</u>
Alcohol education distributions - actual	<u>\$ -</u>	<u>\$ -</u>
Percent of profit	<u>-%</u>	<u>-%</u>

**NOTE 11 – 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 three months ended September 30, 2021 and 2020, are summarized as follows:

	<u>2021</u>	<u>2020</u>
Taxes payable at July 1,	\$ 46,937	\$ 39,641
Taxes collected during the period	137,466	123,704
Taxes remitted to Department of Revenue during the period	<u>(137,618)</u>	<u>(119,767)</u>
Taxes payable at September 30,	<u>\$ 46,785</u>	<u>\$ 43,578</u>

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

The accrued North Carolina excise tax at September 30, 2021 and 2020, was remitted to the North Carolina Department of Revenue in October, 2021 and 2020, respectively.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 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. Payments to the County for the three months ended September 30, 2021 and 2020, were based on the following bottle sales:

	<u>2021</u>	<u>2020</u>
Regular bottles	31,937 @ \$.05 = \$ 1,597	29,846 @ \$.05 = \$ 1,492
Mixed beverage bottles	2,730 @ \$.05 = 136	2,391 @ \$.05 = 120
Miniature bottles	21,492 @ \$.01 = <u>215</u> \$ 1,948	20,120 @ \$.01 = <u>201</u> \$ 1,813

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 three months ended September 30, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Department of Revenue (50%)	\$ 5,272	\$ 4,493
Department of Human Resources (5%)	527	449
Profit Retained (45%)	<u>4,745</u>	<u>4,045</u>
Total	<u>\$ 10,544</u>	<u>\$ 8,987</u>

**NOTE 12 – SURCHARGE COLLECTED**

The total amount of surcharge of \$3,936 and \$3,671 was collected for the three months ended September 30, 2021 and 2020, respectively. The current rate is \$1.15 per case sold.

**NOTE 13 – LIQUOR SALES TAX**

The total amount of sales tax collected by the ABC Board and remitted to the Department of Revenue for the three months ended September 30, 2021 and 2020, was \$39,607 and \$35,840, respectively. The current sales tax rate is 7%.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

**NOTE 14 – RETAIL OUTLETS**

The ABC Board operates two retail outlets:

Store #1 - 509 E. Main Street; Biscoe, NC 27209

	<u>2021</u>	<u>2020</u>
Gross Sales	\$ 480,095	\$ 431,079
Gross Profit	120,084	109,021
Change in Net Position Before Profit Distributions	46,523	42,101

Store #2 - 202 North Wadesboro Blvd; Mt. Gilead, NC 27306

	<u>2021</u>	<u>2020</u>
Gross Sales	\$ 150,040	\$ 135,686
Gross Profit	39,345	35,873
Change in Net Position Before Profit Distributions	3,623	6,211

**NOTE 15 – WORKING CAPITAL**

The ABC 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 and not more than three to four months' 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 ABC Board's position on this requirement at September 30, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Minimum requirement	\$ 74,603	\$ 67,124
Maximum allowable	484,922	436,306
Actual working capital	473,806	360,205

Montgomery ABC Board has met the working capital requirements at September 30, 2021 and 2020.

**NOTE 16 – RISK MANAGEMENT**

The ABC 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 ABC Board has commercial property, general 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.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021 and 2020**

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 security.

**REQUIRED SUPPLEMENTARY INFORMATION**

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MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 Last Eight Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
ABC Board's proportion of the net pension liability (asset) (%)	0.00137%	0.00142%	0.00142%	0.00151%	0.00154%	0.00149%	0.00141%	0.00150%
ABC Board's proportionate share of the net pension liability (asset) (\$)	\$ 48,956	\$ 38,779	\$ 33,687	\$ 23,069	\$ 32,684	\$ 6,687	\$ (8,315)	\$ 18,081
ABC Board's covered payroll	\$ 144,420	\$ 137,999	\$ 123,630	\$ 117,444	\$ 114,955	\$ 112,604	\$ 130,413	\$ 125,835
ABC Board's proportion of the net pension liability (asset) as a percentage of its covered payroll	33.90%	28.10%	27.25%	19.64%	28.43%	5.94%	6.38%	14.37%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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



**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF CONTRIBUTIONS  
 Last Eight Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 14,768	\$ 13,099	\$ 10,861	\$ 9,421	\$ 8,679	\$ 7,874	\$ 7,961	\$ 9,220
Contributions in relation to the contractually required contribution	<u>14,768</u>	<u>13,099</u>	<u>10,861</u>	<u>9,421</u>	<u>8,679</u>	<u>7,874</u>	<u>7,961</u>	<u>9,220</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered payroll	\$ 143,800	\$ 144,420	\$ 137,999	\$ 123,630	\$ 117,444	\$ 114,955	\$ 112,604	\$ 130,413
Contributions as a percentage of covered payroll	10.27%	9.07%	7.87%	7.62%	7.39%	6.85%	7.07%	7.07%

**SUPPLEMENTARY INFORMATION**

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**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULES OF STORE EXPENSES**  
**For the Three Months Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Salaries	\$ 57,950	\$ 50,636
Payroll taxes	4,137	3,903
Pension expense	3,999	3,471
Electricity	2,644	2,420
Water	337	335
Repairs and maintenance	629	1,388
Computer maintenance	8,602	7,930
Unloading	885	950
Bags	2,108	1,403
Supplies	351	387
Credit card fees	<u>5,468</u>	<u>4,709</u>
	<u>\$ 87,110</u>	<u>\$ 77,532</u>

See accountants' report.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULES OF ADMINISTRATIVE EXPENSES**  
**For the Three Months Ended September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Telephone	\$ 1,273	\$ 1,234
Office supplies	578	329
Accounting and legal fees	2,595	-
Insurance and bonds	14,402	13,980
Travel	186	390
Dues and advertising	482	418
Bank charges	<u>431</u>	<u>450</u>
	<u>\$ 19,947</u>	<u>\$ 16,801</u>

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See accountants' report.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**BEFORE DISTRIBUTIONS BY LOCATION**  
**For the Three Months Ended September 30, 2021**

	<u>Biscoe</u>	<u>Mt. Gilead</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Liquor sales	\$ 415,280	\$ 150,040	\$ 565,320
Mixed beverage sales	<u>64,815</u>	<u>-</u>	<u>64,815</u>
<b>TOTAL GROSS SALES</b>	<u>480,095</u>	<u>150,040</u>	<u>630,135</u>
<b>DEDUCT TAXES ON GROSS SALES</b>			
State excise tax	104,735	32,731	137,466
Rehabilitation tax	1,484	464	1,948
Mixed beverage tax (Revenue)	5,272	-	5,272
Mixed beverage tax (Human Resources)	<u>527</u>	<u>-</u>	<u>527</u>
<b>TOTAL TAXES</b>	<u>112,018</u>	<u>33,195</u>	<u>145,213</u>
<b>NET SALES</b>	368,077	116,845	484,922
<b>COST OF LIQUOR SALES</b>	<u>247,993</u>	<u>77,500</u>	<u>325,493</u>
<b>GROSS PROFIT ON SALES</b>	<u>120,084</u>	<u>39,345</u>	<u>159,429</u>
<b>OPERATING EXPENSES</b>			
Store expenses	58,474	28,636	87,110
Administrative expenses	13,925	6,022	19,947
Depreciation expense	<u>1,129</u>	<u>993</u>	<u>2,122</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>73,528</u>	<u>35,651</u>	<u>109,179</u>
<b>INCOME FROM OPERATIONS</b>	46,556	3,694	50,250
<b>NONOPERATING REVENUES</b>			
Interest income	<u>196</u>	<u>-</u>	<u>196</u>
<b>CHANGE IN NET POSITION BEFORE DISTRIBUTIONS</b>	<u>\$ 46,752</u>	<u>\$ 3,694</u>	<u>\$ 50,446</u>

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULES OF STORE EXPENSES BY LOCATION**  
**For the Three Months Ended September 30, 2021**

	<u>Biscoe</u>	<u>Mt. Gilead</u>	<u>Total</u>
Salaries	\$ 39,740	\$ 18,210	\$ 57,950
Payroll taxes	2,837	1,300	4,137
Pension expense	2,990	1,009	3,999
Electricity	1,524	1,120	2,644
Water	204	133	337
Repairs and maintenance	385	244	629
Computer maintenance	4,800	3,802	8,602
Unloading	580	305	885
Bags	943	1,165	2,108
Supplies	212	139	351
Credit card fees	4,259	1,209	5,468
	<u>\$ 58,474</u>	<u>\$ 28,636</u>	<u>\$ 87,110</u>

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULES OF ADMINISTRATIVE EXPENSES BY LOCATION**  
**For the Three Months Ended September 30, 2021**

	<u>Biscoe</u>	<u>Mt. Gilead</u>	<u>Total</u>
Telephone	\$ 681	\$ 592	\$ 1,273
Office supplies	291	287	578
Accounting and legal fees	1,595	1,000	2,595
Insurance and bonds	10,802	3,600	14,402
Travel	100	86	186
Dues and advertising	241	241	482
Bank charges	<u>215</u>	<u>216</u>	<u>431</u>
	<u>\$ 13,925</u>	<u>\$ 6,022</u>	<u>\$ 19,947</u>

See accountants' report.

**MONTGOMERY ALCOHOLIC BEVERAGE CONTROL BOARD**  
**SCHEDULE OF DISTRIBUTIONS OF PROFITS**  
**For the Three Months Ended September 30, 2021**

	<u>Amount</u>	<u>Date of</u> <u>Distribution</u>	<u>Restrictions</u>
<b>DISTRIBUTIONS</b>			
<b>Law Enforcement</b>			
Montgomery County	\$ 100	7/21/2021	Law Enforcement
Montgomery County	5,200	7/29/2021	Law Enforcement
Montgomery County	100	8/17/2021	Law Enforcement
Montgomery County	<u>100</u>	9/14/2021	Law Enforcement
	<u>5,500</u>		
<b>Alcohol Education</b>			
Montgomery County	<u>9,000</u>	7/29/2021	Alcohol Education
<b>Profit</b>			
Town of Biscoe	8,007	7/29/2021	Law Enforcement
Town of Mt. Gilead	5,329	7/29/2021	Law Enforcement
Town of Biscoe	3,615	7/29/2021	Unrestricted
Town of Candor	3,814	7/29/2021	Unrestricted
Town of Mt. Gilead	3,615	7/29/2021	Unrestricted
Town of Star	3,962	7/29/2021	Unrestricted
Town of Troy	15,038	7/29/2021	Unrestricted
Montgomery County	<u>28,920</u>	7/29/2021	Unrestricted
	<u>72,300</u>		
<b>TOTAL DISTRIBUTIONS</b>	<b>\$ <u>86,800</u></b>		

See accountants' report.



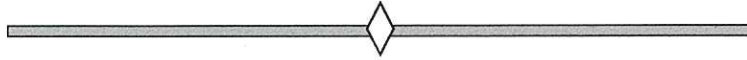
**MONTGOMERY ABC BOARD**

**P.O. Box 279  
Biscoe, NC 27209**

Telephone (910) 428-2231

James McLeod  
Chairman

Phillip Richardson  
General Manager



January 11, 2022

Dear ABC Board Member:

The regular monthly meeting will be via **teleconference** on Wednesday, January 19, 2022.  
The meeting will start at 3:00 p.m.

If you cannot join the teleconference meeting, please let us know. We look forward to talking with you on the 19<sup>th</sup>.

Sincerely,

A handwritten signature in cursive script that reads "Phillip Richardson".

Phillip Richardson  
General Manager

# MONTGOMERY ABC BOARD

**TELECONFERENCE CALL**

**1 720 279-0026**

**GUEST CODE 518736**

## AGENDA

January 19, 2022

3:00 p.m.

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WELCOME

JAMES MCLEOD  
CHAIRMAN

CALL TO ORDER

CHAIRMAN MCLEOD

READING OF GS 18B-201

PHILLIP RICHARDSON

PRESENTATION OF MINUTES

CHAIRMAN MCLEOD

November 2021 (Mailed)

MONTHLY REPORTS

RICHARDSON

OLD BUSINESS

CHAIRMAN MCLEOD

Charles Sanders Continues to Harass Employees  
Wednesday, December 29, 2021

NEW BUSINESS

CHAIRMAN MCLEOD

FY 2022 Budget Amendment  
Register Upgrade - Carolina Data

ADJOURN

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## MONTGOMERY ABC BOARD

### MINUTES

November 17, 2021

#### BOARD MEMBERS

Jim McLeod, Chairman	Candor	Ben Haithcock	Mt. Gilead
Kay Kinch	Biscoe	Carol Whitaker	Troy
Wayne Wooten	Montgomery County	Mary O'Brien	Star

#### STAFF PRESENT

Phillip Richardson	General Manager	Lisa Wilson	Finance Officer
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Chairman McLeod welcomed everyone and inquired if anyone from the general public had joined the meeting. No one responded. Chairman McLeod called the meeting to order.

Richardson began with the reading of the following as required by the State of North Carolina and the NC ABC Commission:

*In accordance with General Statute 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and the appearance of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matter coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.*

No conflicts or appearance of conflicts were noted.

#### MINUTES

The previously mailed October 2021 Minutes were unanimously approved upon a motion by Ben Haithcock; seconded by Carol Whitaker.

#### MONTHLY REPORTS

The financial and sales reports for October were reviewed. Richardson noted the October sales were up 12.13% from the same period of 2020 and the Mt. Gilead store sales continued to climb. Ben Haithcock inquired if receiving product was still a problem. Richardson noted we had been fortunate and received at least some of the most of the needed items.

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### **OLD BUSINESS**

Staff reported a telephone call requesting information from Charles Sanders was received on October 26, 2021. To ensure the proper protocol was followed, Mr. Sanders was referred to the Board's attorney, Russ Hollers, III.

### **NEW BUSINESS**

Richardson requested a modification of store hours for the Christmas Holiday. Upon a motion by Mary O'Brien, seconded by Wayne Wooten; the Board unanimously voted to modify the store hours as follows:

December 24<sup>th</sup>      Close at 5:00 p.m.      December 25-27<sup>th</sup>    Closed

Chairman McLeod referred to the point-of-sale upgrade quote from Carolina Data. Richardson explained the total cost to upgrade the registers at both stores should be budgeted at approximately \$23,000.00 to include taxes, labor and license fees. Staff requested the Board consider the needed upgrade as the computerized register system is 8+ years old and struggles to keep up with the current sales volume. Staff recommended contingent upon strong holiday sales; the purchase be presented with a budget revision allocating the cost to Capital Outlay Equipment in January 2022. Chairman McLeod asked if the profit margin would bear the expense. Wilson stated with strong holiday sales there should not be an issue. Mary O'Brien motioned to table the proposal until the January 2022 meeting; seconded by Ben Haithcock, the proposal was tabled.

Richardson advised the yearly meeting checks would be mailed soon. The checks are calculated by multiplying the number of meetings attended by \$130.00 per meeting in accordance with 18B-700(g).

Chairman McLeod announced the December 15<sup>th</sup> meeting would be adjourned. The next meeting was scheduled as an in person meeting for Wednesday, January 19, 2022 at 3:00 p.m. with the teleconference option available to any member not comfortable meeting onsite. There being no further business, Wayne Wooten motioned to adjourn; seconded by Mary O'Brien, the meeting adjourned.

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Mary O'Brien  
Montgomery ABC Secretary

MONTHLY  
REPORTS

DECEMBER

2021

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**MONTHLY REVENUE & INVENTORY**  
**MONTGOMERY ABC BOARD**

P.O. Box 279  
 Biscoe, NC 27209

(910) 428-2231

MONTH/YEAR	NOV 2021	DEC 2021
FIDELITY BANK (CHECKING)	\$ 290,643.23	\$ 367,413.82
FIRST BANK (CREDIT CARDS)	<u>\$ 139,242.54</u>	<u>\$ 166,932.36</u>
<b>TOTAL</b>	<b>\$ 429,885.77</b>	<b>\$ 534,346.18</b>
TRUCK LOAD	\$ 110,134.62	\$ 9,091.97
TRUCK DELIVERY DATE	11/16/21	12/03/21
		\$ 122,296.25
		12/21/21
INVENTORY	\$ 277,469.28	\$ 226,568.15
INVENTORY SAME PERIOD LAST YEAR	\$ 284,234.78	\$ 262,607.45
BISCOE SALES	\$ 167,050.10	\$ 229,047.60
MT. GILEAD SALES	<u>\$ 63,472.65</u>	<u>\$ 74,549.35</u>
<b>TOTAL</b>	<b>\$ 230,522.75</b>	<b>\$ 303,596.95</b>
MXB SALES	+ <u>\$ 18,608.81</u>	<u>\$ 18,924.08</u>
<b>GRAND TOTAL MONTHLY SALES</b>	<b>\$ 249,131.56</b>	<b>\$ 322,521.03</b>

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YTD TOTAL SALES	\$1,439,622.81	(JUL-DEC 2021)
YTD BUDGETED GOAL	- <u>\$ 986,940.00</u>	(\$164,490 MO. GOAL X 6 MO.'S)
DIFFERENCE	<u>\$ 452,682.81</u>	SURPLUS SALES

**MONTGOMERY ABC**  
**FY 2022 MONTHLY EXPENSE REPORT**  
**CUMALITIVE THROUGH**  
**12/31/21**

<b>OPERATING EXPENSES:</b>	<b>BUDGET</b>	<b>SPENT</b>	<b>REMAINING BALANCE</b>	<b>%</b>
Cost of Sales - Liquor	\$ 1,032,785.00	\$ 769,522.66	\$ 263,262.34	25%
Excise Tax & NC MXB	\$ 456,900.00	\$ 324,673.00	\$ 132,227.00	29%
MXB HR Tax	\$ 1,510.00	\$ 909.88	\$ 600.12	40%
Rehab & Education Tax	\$ 8,120.00	\$ 4,235.37	\$ 3,884.63	48%
Salaries and Wages	\$ 227,151.00	\$ 113,500.61	\$ 113,650.39	50%
Bonus & Covid Hazard Pay	\$ -	\$ -	\$ -	
Payroll Taxes	\$ 18,900.00	\$ 8,894.10	\$ 10,005.90	53%
Retirement	\$ 16,800.00	\$ 7,998.18	\$ 8,801.82	52%
Group Health Insurance	\$ 62,000.00	\$ 28,804.80	\$ 33,195.20	54%
Insurance and Bonds	\$ 15,000.00	\$ 12,581.00	\$ 2,419.00	16%
Legal & Audit	\$ 13,000.00	\$ 2,595.00	\$ 10,405.00	80%
Board Member Mtg Fees	\$ 7,800.00	\$ 7,020.00	\$ 780.00	10%
Travel	\$ 1,600.00	\$ 349.14	\$ 1,250.86	78%
Building-Grounds Maintenance	\$ 15,000.00	\$ 923.51	\$ 14,076.49	94%
Computers & License Fees	\$ 15,500.00	\$ 10,154.75	\$ 5,345.25	34%
Dues, Subscriptions, Advertising	\$ 1,000.00	\$ 503.66	\$ 496.34	50%
Utilities	\$ 21,000.00	\$ 8,055.20	\$ 12,944.80	62%
Office Supplies	\$ 2,850.00	\$ 1,920.46	\$ 929.54	33%
Store Supplies, Bags	\$ 9,200.00	\$ 4,743.77	\$ 4,456.23	48%
Unloading	\$ 4,300.00	\$ 1,930.00	\$ 2,370.00	55%
Bank & Process Charges	\$ 23,000.00	\$ 12,720.24	\$ 10,279.76	45%
Law Enforcement Contract	\$ 1,200.00	\$ 600.00	\$ 600.00	50%
Profit Distributions	\$ 14,264.00	\$ -	\$ 14,264.00	100%
Contingency	\$ 5,000.00	\$ -	\$ 5,000.00	100%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,973,880.00</b>	<b>\$ 1,322,635.33</b>	<b>\$ 651,244.67</b>	<b>33%</b>

# LBD Group Sales Summary

Begin Date: 12/1/2021 End Date: 12/31/2021

Outlet Code	Name	.375 L PINT	.750 L FIFTH	1.75 L HALF	Retail	LBD Tax	Total	Surcharge
00162857MB	CASA MEXICANA		30		\$307.70	\$112.50	\$420.20	\$2.87
00171238MB	COACHES		20		\$362.15	\$75.00	\$437.15	\$2.01
00178741MB	OLD NORTH STATE	6	116	7	\$3276.15	\$507.53	\$3783.68	\$13.51
00248643MB	RIVER WILD		207		\$5465.65	\$776.25	\$6241.90	\$22.03
00277754MB	SCALLYWAGS BAR AND GRILL LLC		83		\$1887.70	\$311.25	\$2198.95	\$8.24
00290867MB	CHEERS LAKESIDE BAR & GRILL		82		\$1470.85	\$307.50	\$1778.35	\$7.86
00294358MB	BIG FOOTS BAR and GRILL		85		\$1978.50	\$318.75	\$2297.25	\$8.14
00294691MB	CLUB AT LAKE TILLERY		23		\$647.85	\$86.25	\$734.10	\$2.30
00295219MB	LUNAS PIZZA		35		\$901.25	\$131.25	\$1032.50	\$3.35
	Location Totals:	6	681	7	\$16297.80	\$2626.28	\$18924.08	\$70.32
	Grand Total	6	681	7	\$16297.80	\$2626.28	\$18924.08	\$70.32



**MONTGOMERY ABC    FY 2022 AMENDMENT    JANUARY 2022**

<b>REVENUES</b>	<b>BUDGET</b>	<b>REVISION</b>	<b>REVISED BUDGET</b>
Liquor Sales	\$ 1,821,580.00	\$ 400,000.00	\$ 2,221,580.00
Mixed Beverage Sales	\$ 131,000.00	\$ 30,000.00	\$ 161,000.00
Mixed Beverage Tax Income	\$ 21,000.00	\$ 7,000.00	
Investment Income	\$ 300.00	\$ -	\$ 300.00
<b>TOTAL</b>	<b>\$ 1,973,880.00</b>	<b>\$ 437,000.00</b>	<b>\$ 2,410,880.00</b>
<b>EXPENSES</b>			
Cost of Liquor Sold	\$ 1,032,785.00	\$ 266,610.00	\$ 1,299,395.00
NC Excise & MXB	\$ 456,900.00	\$ 113,500.00	\$ 570,400.00
Mixed Beverage Tax HR	\$ 1,510.00	\$ 1,000.00	\$ 2,510.00
Rehabilitation Tax	\$ 8,120.00	\$ 4,000.00	\$ 12,120.00
Salaries	\$ 227,151.00	\$ 5,000.00	\$ 232,151.00
Payroll Taxes	\$ 18,900.00	\$ 500.00	\$ 19,400.00
Retirement	\$ 16,800.00	\$ 800.00	\$ 17,600.00
Group Health Insurance	\$ 62,000.00	\$ -	\$ 62,000.00
Insurance and Bonds	\$ 15,000.00	\$ -	\$ 15,000.00
Travel	\$ 1,600.00	\$ -	\$ 1,600.00
Repairs & Maintenance	\$ 15,000.00	\$ -	\$ 15,000.00
Computers, Equipment, License	\$ 15,500.00	\$ 800.00	\$ 16,300.00
Capital Outlay	\$ -	\$ 20,000.00	\$ 20,000.00
Dues & Advertising	\$ 1,000.00	\$ -	\$ 1,000.00
Utilities	\$ 21,000.00	\$ -	\$ 21,000.00
Office Supplies	\$ 2,850.00	\$ 800.00	\$ 3,650.00
Store Supplies & Bags	\$ 9,200.00	\$ 3,000.00	\$ 12,200.00
Legal & Audit	\$ 13,000.00	\$ -	\$ 13,000.00
Board Member Fees	\$ 7,800.00	\$ (780.00)	\$ 7,020.00
Unloading	\$ 4,300.00	\$ 500.00	\$ 4,800.00
Bank & Process Fees	\$ 23,000.00	\$ 10,000.00	\$ 33,000.00
Projected Distribution	\$ 14,264.00	\$ 11,270.00	\$ 25,534.00
Law Enforcement	\$ 1,200.00	\$ -	\$ 1,200.00
Contingency	\$ 5,000.00	\$ -	\$ 5,000.00
<b>TOTAL</b>	<b>\$ 1,973,880.00</b>	<b>\$ 437,000.00</b>	<b>\$ 2,410,880.00</b>

REVENUES

INCREASING SALES BY \$437,000.00 (OF THE \$452,682.81 IN CURRENT SURPLUS SALES REVENUES.)

EXPENDITURES

EXPENSE LINE ITEMS ARE INCREASED TO OFFSET THE COSTS OF THE ADDITIONAL SALES REVENUES. THE CAPITAL OUTLAY LINE ITEM IS ADDED TO PURCHASE NEW REGISTERS, SCANNERS, CREDIT CARD TERMINALS, FIREWALLS AND UPGRADE THE ASSOCIATED RELATED SOFTWARE

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James McLeod, Chairman

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Mary O'Brien, Secretary

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Phillip Richardson  
Budget Officer

**PROPOSAL FOR:**  
**MONTGOMERY Co. ABC BOARD**  
(Version 102821-2S3R)



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# CAROLINA DATA SYSTEMS

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## Retail / LBD POS Upgrade

3	Touch Register – ABC/TOUCH POS™ Implementation (\$7,350 Each)	22,050.00
-	POS Intellicheck Interface w/ID Scanner	PROMO
2	Ingenico EMV/Chip CC Terminal Bundle Upgrade	OWNED
2	BlackBox Guardian™ Firewall	OWNED
<b>TOTAL</b>		<b>\$22,050.00</b>

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# CAROLINA DATA SYSTEMS

**Inventory System & Server**

1	Open ABC/BOSS™ Inventory Control & Ordering System Implementation	INSTALLED
1	LBD iLiVE Online LBD™ Ordering & Inventory System Implementation	3,995.00
1	Host Server / Store Level Consolidator	2,750.00
2	Hand Scanner Bundle ABC/Scan™ Implementation (\$2,195 Each)	4,390.00
1	Commercial Grade WAP w/Installation	OWNED
<b>TOTAL</b>		<b>\$11,135.00</b>

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# CAROLINA DATA SYSTEMS

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## Summary Pricing

Retail & LBD POS Upgrade -----	\$22,050.00
Inventory System & Server -----	\$11,135.00
Pre Trade-In Discount PROMO Allowance Total -----	\$33,185.00
LBD iLIVE Online LBD PROMO -----	(-\$3,995.00)
Vendor Price Break Passthrough -----	(-\$3,750.00)
Hand Scanner Bundle ABC/Scan BOGO PROMO -----	(-\$2,195.00)
Legacy Customer Trade-In & Transition Allowance -----	(-\$4,500.00)
Post Trade-In Total -----	\$18,745.00

**\*TURNKEY SUBTOTAL: \$18,745.00**

### Payment Options:

1. A special 3.5% discount will be applied to the Turnkey Subtotal if balance including taxes is paid in full upon approval.
2. 50% Down Payment with the order, 50% remaining balance due upon delivery.

\*Note: Turnkey Subtotal does not include the following taxes.  
7% Tax On Labor & Goods

#### NOTES:

- There will be a monthly subscription fee of \$49.99 per store for Intellicheck AGE ID™ if activated.
- The above amounts and totals do not include maintenance fees or license fees for use of the software.

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# MONTGOMERY ABC BOARD MEETING SCHEDULE 2022

The Montgomery ABC Board meets on the 3<sup>rd</sup> Wednesday of each month. Meetings start at 3:00 p.m. at the Biscoe ABC Store, 509 E. Main Street, Biscoe, NC 27209.

The public is welcome. To be scheduled to speak before the Board please call (910) 428-2231. All proceedings conform to Robert's Rules of Order and are documented by *Minutes of the Meeting* governed by James McLeod, Board Chairman. Specific dates are as follows:

January	19, 2022
February	16, 2022
March	16, 2022
April	20, 2022
May	18, 2022
June	15, 2022
July	20, 2022 (ADJOURNED)
August	17, 2022
September	21, 2022
October	19, 2022
November	16, 2022
December	14, 2022 (ADJOURNED)

Any changes to the set schedule will be posted as soon as possible.

Thank You!

TELECONFERENCE MEETING DURING COVID BY CALLING

1 720 279-0026

GUEST CODE 518736