Approved
Conner:
Pearsall:
Brewer: RB
Mooney: CM

MINUTES
BREVARD ABC BOARD
June 27, 2024

The Brevard ABC Board met in regular session on Thursday, June 27, 2024 at 8:30 a.m. in the Council Chambers at City Hall.

Members Present:	Kevin Jones, Chair Frank Pearsall Ron Brewer Carl Mooney
Members Absent:	Lisa Conner
Staff Present:	Jackie Jarvis, Interim General Manager Paxton McAbee, ABC Staff

A. Welcome & Call to Order

B. Quorum

Board Chair Kevin Jones called the meeting to order at 8:31 a.m. and a quorum was noted.

C. Approval of Agenda

Motion by Mr. Pearsall, seconded by Mr. Mooney to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes

1. Minutes from Regular Session – June 6, 2024

Motion by Mr. Pearsall, seconded by Mr. Mooney to approve the minutes of the Regular Session meeting on June 6, 2024, as presented. The motion carried unanimously.

E. Public Hearing

1. ABC FY 2024/2025 Proposed Budget

At 8:33 a.m. Mr. Mooney moved, seconded by Mr. Pearsall, to open the public hearing for the proposed FY 2024/2025 ABC Board Budget. The motion carried unanimously. No members of the public were present. Mr. Mooney then moved, seconded by Mr. Pearsall to close the public hearing.

F. New Business

1. Manager's Report / Sales Update

Ms. Jarvis reported that sales were up $12,757 over last year.

Ms. Jarvis informed the Board that Brevard College has requested $3,500 for their alcohol education program. They have sent a proposal for the Board's consideration. Ms. Jarvis noted that the budget includes 5% for educational purposes. She has not yet received a request from CARE Coalition, but they hope to meet with the Board in the next month or so to make their annual request. She noted that the Board gave Rise and Shine $2500. Following review and discussion of the proposal, Mr. Pearsall moved, seconded by Mr. Brewer to table the Brevard College request until we have afforded the opportunity to other organizations. During discussion, there was consensus that the Board would like more details on how the money would be used for alcohol education. Vote on the motion was 4-0; the motion carried. The Board directed the General Manager to ask for requests from other area non-profits.

Mr. Mooney had a question about the reconciliation and noted that the date on the bank statement seems to be from 2023. Ms. Jarvis will contact the accountant for a corrected reconciliation and bring it back to the next meeting for Board approval.

Mr. Jones asked Ms. Jarvis to remind the accountant of his inquiry about the difference between how they do accounting for state taxes and how our auditor does.

Mr. Mooney noted that on Page 15 of the FY 2023 audit we had a non-compliance with the North Carolina General Statutes and asked if that is something we need to correct. Mr. Jones noted that the correction is indicated in the audit and he recalled that we had done a revised budget, but he was unsure whether it was filed or not. He pointed out that most of the variance was the profit distributions paid to the city and county. He explained that if we spend something that we haven't budgeted for, we are supposed to do a budget amendment. He said that he did not do a budget amendment for June because he is awaiting an answer on the variance in the state tax issue. We need an answer to that and we need to figure out how to be more careful about revising the budget. He said we need to talk with the accountant to get an understanding of where she is filing this stuff so we can follow it.

2. Review, Approve and Adopt Proposed FY 2024/2025 Budget

Mr. Jones reviewed the proposed budget and noted this was the budget reviewed by the Board at the last meeting. The budget includes a 5% increase in sales and after expenses and distributions, the estimated undistributed balance is $62,300. He said we do successfully increase our sales as projected, that would mean that the amount of money we can hold without forced distributions to the city and county would be $75,000, so we might have the option of keeping the undistributed money.

Mr. Mooney mentioned that he was blown away by the $128,000 rent per year for the two stores. Ms. Jarvis explained that the rent for the Downtown store is $3800 and the rent for the Pisgah Forest store is almost $6,000 per month. Mr. Jones said there are about 5 years left on the lease for the Downtown store and asked Ms. Jarvis how much time is left on the Pisgah Forest store. Ms. Jarvis said she believes there are 5 or 6 years left.

Mr. Jones asked how can we prepare for 5 years from now when our leases run out? He mentioned that he and the former General Manager had some conversation with Perry, the Downtown store's property owner about the need for more storage room, and Perry offered to build a warehouse right behind the store. His comment then was I would need to raise your rent and we would need to go farther out with the lease. Mr. Jones noted that in this budget we are only making $70,000 and we need more time to accumulate money to put a down payment on a building. The question is should we encourage our landlord to solve our storage problems and to lengthen our lease so that we don't have to worry about being homeless in 5 years.

Mr. Pearsall suggested it would be worth talking to Perry to see if he would be willing to sell the building to us and what his price would be. If he gives us a good price, then we buy that building. Mr. McAbee wondered if we had that whole building, could we close the Pisgah Forest store and have a larger downtown store? Mr. Jones said we have never done an analysis as to how much each store makes. Maybe we need to do an analysis as to whether the Pisgah Forest store makes money. Mr. Mooney asked if it makes enough to cover the rent. He suggested that we take a look at the lease agreement to see what the term is and include that in the analysis of the cost. There was consensus that Ms. Jarvis will talk to Perry to inquire if he would consider selling us our building and the parking lot in front of it.

Mr. Pearsall moved, seconded by Mr. Mooney to approve the FY 2024/2025 Budget as presented. The motion carried unanimously. A copy of the adopted budget and notes is attached as Exhibit A.

G. Unfinished Business

1. Review and Approve Accountant's Reports from April 2024

Mr. Jones said he will write a letter to the accountant to request she make the financial report more understandable and easier to read.

2. Review and Approve Reconciliations and Bank Statements from April 2024

The Board will sign the April reconciliation and bank statements at the next meeting.

H. Next Meeting

The Board set the next regular meeting for Thursday, July 25, 2024 at 8:30 a.m. Ms. Jarvis informed the Board that in September she will be gone for about 2 ½ weeks so she would like to not meet that month. Mr. Jones asked her to bring an amended 2024/2025 meeting schedule to the next meeting.

I. Adjourn

There being no further business the meeting adjourned at 9:40 AM.

Jackie Jarvis, Interim General Manager

Kevin Jones, Chair

Minutes Approved: July 25, 2024

Denise Hodsdon, City Clerk

BREVARD ABC PROPOSED BUDGET FOR FISCAL YEAR 2024-2025

	Credit	Expense
Sales	$7,000,000.00	
State Taxes		$1,680,000.00
Cost of Sales		$3,710,000.00
Credit Card and Bank fees		$98,000.00
Total Tax and COGS		$5,488,000.00
GROSS PROFIT	$1,512,000.00	
EMPLOYEE EXPENSE		
Wage and Salary Expense		$620,000.00
Payroll taxes		$58,900.00
Pension Funding		$40,000.00
Total Employee Expense		$718,900.00
GROSS PROFIT AFTER EMPLOYEE EXPENSE	$793,100.00	
BUILDINGS AND EQUIPMENT		
Rent		$128,000.00
Utilities		$38,300.00
Maintenace Agreements		$24,500.00
Repairs		$12,000.00
Capital outlay		$5,000.00
Truck Expense		$18,000.00
All insurance		$72,000.00
TOTAL BUILDING AND EQUIPMENT		$297,800.00
GROSS PROFIT AFTER BUILDING EXPENSES	$495,300.00	
INTERIOR EXPENSE		
Office Supplies		$27,000.00
Profesional Services		$32,000.00
Travel and Employee training		$6,000.00
Dues and Subscriptions		$5,000.00
CONTINGENCY		$5,000.00
TOTAL INTERIOR EXPENSE		$75,000.00
GROSS PROFIT AFTER ALL EXPENSES	$420,300.00	
DISTRIBUTIONS		
CITY		$ 240,000.00
COUNTY		$ 80,000.00
POLICE		$ 26,000.00
EDUCATION		$ 12,000.00
TOTAL DISTRIBUTIONS		$ 358,000.00
UNDISTRIBUTED	$62,300.00	

Notes to Proposed Budget 2024-2025

Sales: A five percent increase from this years budgeted number (6.6MM) would be 6.93MM is rounded up to 7 Million

Cost of Sales and Taxes CC fees: These are estimated at 53%, 24% and 1.4%

Employee wages of $620.000 represents an increase in hourly wages and an assumption of increased hours. Last year we budgeted $580,000

Pension expense increases due to additional employees be covered

Rent and utilities up slightly

Repairs and Capital outlay anticipated lower- Capital outlay would be mostly new shelving for additional storage.

Truck expense: While running currently with no immediate problems, we can easily spend 18,000 in one or two repairs. IN the future a replacement should be considered.

Insurance cost is going up- thus the budget increase to $72,000

Office supplies in line with previous year

Professional Service up slightly due to increase in monthly accounting

Contingency reduced form 15K to 5K to be more in line with State budget expectations.

Employee training and travel raised to anticipate more of both

Submitted by Kevin Jones 6-25-24