

**The Town of Black Mountain
Board of Alcoholic Control**

Black Mountain, North Carolina

(A Component Unit of the Town of Black Mountain)

Financial Statements

Years Ended June 30, 2018 and 2017



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

(Organized under the provisions of
Senate Bill #351 of the North Carolina
Legislature, General Assembly of 1971, March 31, 1971)

Directors
(As of June 30, 2018)

	<u>Term to Expire</u>
William Christy, Chairperson	July, 2019
James Hobson, Member	July, 2020
Rick Harwood, Member	July, 2021

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Independent Auditors' Report

The Board of Directors
The Town of Black Mountain Board of Alcoholic Control
Black Mountain, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of The Town of Black Mountain Board of Alcoholic Control, a component unit of the Town of Black Mountain, which comprise the statements of net position as of June 30, 2018 and 2017, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Town of Black Mountain Board of Alcoholic Control as of June 30, 2018 and 2017, and the respective changes in net 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 on pages 3 to 5 and the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 20 and 21 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 an opinion on the financial statements as a whole. The Schedule of Store and Administrative Expenses, Schedule of Revenues and Expenditures – Budget and Actual (Modified Accrual), and Schedule of Distributions of Profits are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Store and Administrative Expenses, Schedule of Revenues and Expenditures – Budget and Actual (Modified Accrual), and Schedule of Distributions of Profits 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
September 17, 2018

Management's Discussion and Analysis

This section of The Town of Black Mountain Board of Alcoholic Control's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the years ended June 30, 2018 and 2017. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- Sales remained steady compared to the previous fiscal year ended.
- Store and administrative expense decreased by 1.3% compared to the same period last year.
- Profit before distributions increased .03% compared to the previous fiscal year.

Overview of the Financial Statements

The audited financial statements of the Board consist of 3 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 statement is the **Statement of Net Position**. Assets and liabilities are classified between current and long-term. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

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

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, 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 certain schedules in addition to the information required by generally accepted accounting principles. They include a **Schedule of Store and Administrative Expenses** and a **Schedule of Revenues and Expenses – Budget and Actual (Modified Accrual)**.

Financial Analysis of the Board

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities and deferred inflows by \$909,132 in 2018 and by \$782,032 in 2017. Unrestricted net position for the years ended June 30, 2018 and 2017 was \$170,285 and \$317,802, respectively, which is a 46.7% decrease. The decrease in unrestricted net position is due to the board's investment in capital assets of store renovations during the year. Following is a summary of the Statement of Net Position and a Condensed Summary of Revenues, Expenses and Changes in Net Position.

Table 1
Condensed Statement of Net Position

	Year Ended			2018 over 2017	
	6/30/18	6/30/17	(Restated) 6/30/16	\$ Change	% Change
Current assets	\$ 566,159	\$ 857,409	\$715,348	\$ (291,250)	-34%
Property and equipment	648,769	119,030	128,691	529,739	445%
Deferred outflows of resources	36,250	43,723	13,936	(7,473)	-17%
Total assets & deferred outflows	<u>1,251,178</u>	<u>1,020,162</u>	<u>857,975</u>	<u>231,016</u>	<u>23%</u>
Current liabilities	300,730	195,074	191,468	105,656	54%
Noncurrent liabilities	40,179	41,598	7,136	(1,419)	-3%
Deferred inflows of resources	1,137	1,458	3,709	(321)	-22%
Total liabilities & deferred inflows	<u>342,046</u>	<u>238,130</u>	<u>202,313</u>	<u>103,916</u>	<u>44%</u>
Invested in capital assets	648,769	119,030	128,691	529,739	445%
Restricted - capital improvements	20,000	275,000	275,000	(255,000)	0%
Restricted - working capital	70,078	70,200	65,476	(122)	0%
Unrestricted net position	170,285	317,802	186,495	(147,517)	-46%
Total net assets	<u>\$ 909,132</u>	<u>\$ 782,032</u>	<u>\$ 655,662</u>	<u>\$ 127,100</u>	<u>16%</u>

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

	Year Ended			2018 over 2017	
	6/30/18	6/30/17	6/30/16	\$ Change	% Change
Operating revenues	\$2,365,482	\$2,366,406	\$2,207,256	\$ (924)	0%
Less: Taxes on gross sales	543,444	541,207	504,873	2,237	0%
Net sales	1,822,038	1,825,199	1,702,383	(3,161)	0%
Cost of sales	1,244,624	1,243,895	1,161,828	729	0%
Gross profit	577,414	581,304	540,555	(3,890)	-1%
Less: Operating expenses	352,097	356,999	321,212	(4,902)	-1%
Income from operations	225,317	224,305	219,343	1,012	0%
Nonoperating revenues and expenses	747	703	550	44	6%
Change in net assets before distributions	226,064	225,008	219,893	1,056	0%
Distributions	98,964	98,638	98,088	326	0%
Change in net assets	127,100	126,370	121,805	730	
Net Position, beginning	782,032	655,662	533,857	126,370	
Net Position, ending	<u>\$ 909,132</u>	<u>\$ 782,032</u>	<u>\$ 655,662</u>	<u>\$ 127,100</u>	

The following is a breakdown of sales by source:

	Year Ended			2018 over 2017	
	6/30/18	6/30/17	6/30/16	\$ Change	% Change
Retail Liquor Sales	\$2,125,328	\$2,167,756	\$2,019,224	\$ (42,428)	-2%
Mixed Beverage Sales	234,942	192,866	182,271	42,076	22%
Retail Wine Sales	5,212	5,784	5,761	(572)	-10%
	<u>\$2,365,482</u>	<u>\$2,366,406</u>	<u>\$2,207,256</u>	<u>\$ (924)</u>	<u>0%</u>

All sales occurred at the one store location. Retail liquor sales decreased due to construction at the store. Mixed beverage sales increased due to the success of restaurants in Black Mountain.

Capital Asset and Debt Administration

Capital Assets

Investment in capital assets as of June 30, 2018 totals \$648,769 (net of accumulated depreciation). A major renovation of the store was undertaken during the year.

Table 3
Capital Assets (Net of Depreciation)

	Year Ended			2018 over 2017	
	6/30/18	6/30/17	6/30/16	\$ Change	% Change
Land	\$ 66,737	\$66,737	\$66,737	\$ -	-
Buildings & Improvements	568,645	40,312	46,768	528,333	1311%
Furniture & Equipment-Store	12,750	11,131	14,123	1,619	15%
Furniture & Equipment-Office	637	850	1,063	(213)	-25%
Total	<u>\$ 648,769</u>	<u>\$ 119,030</u>	<u>\$ 128,691</u>	<u>\$ 529,739</u>	<u>445%</u>

Additional information on the ABC Board's capital assets can be found in Note 1.G.5 of the Basic Financial Statements.

Debt Administration

The board obtained a line of credit to partially fund the store renovations. The balance was \$0 at June 30, 2018.

Requests for Information

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

Mr. Randy Reece, General Manager
The Town of Black Mountain Board of Alcoholic Control
207 Highway 9
Black Mountain, NC 28711

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 331,212	\$ 585,566
Inventory	227,632	268,020
Prepaid expenses	7,315	3,823
Total current assets	566,159	857,409
Non-current asset:		
Property and equipment, net	648,769	119,030
Total assets	1,214,928	976,439
Deferred Outflows of Resources	36,250	43,723
Liabilities		
Current liabilities:		
Distillers	\$ 133,909	\$ 115,327
Accounts payable	91,795	5,213
Accrued payroll and taxes	11,011	9,212
State excise taxes – liquor	45,582	46,426
Sales tax payable	12,345	13,359
County rehabilitation charge	554	621
Distributions	1,764	2,326
Accrued vacation pay	3,770	2,590
Total current liabilities	300,730	195,074
Non-current liability:		
Total pension liability	40,179	41,598
Total liabilities	340,909	236,672
Deferred Inflows of Resources	1,137	1,458
Net Position		
Invested in capital assets	648,769	119,030
Restricted for:		
Capital improvements	20,000	275,000
Working capital	70,078	70,200
Unrestricted	170,285	317,802
Net Position	\$ 909,132	\$ 782,032

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

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2018 and 2017

	2018	2017
Gross sales		
Gross liquor sales - regular	\$ 2,125,328	2,167,756
Mixed beverage sales	234,942	192,866
Wine sales	5,212	5,784
Total gross sales	2,365,482	2,366,406
Less taxes on gross sales:		
State excise tax	514,118	515,516
Mixed beverage tax (revenue)	20,447	16,933
Mixed beverage tax (human resources)	2,045	1,693
Rehabilitation charge	6,834	7,065
Total taxes	543,444	541,207
Net sales	1,822,038	1,825,199
Cost of liquor sold	1,240,430	1,239,291
Cost of wine sold	4,194	4,604
Cost of sales	1,244,624	1,243,895
Gross profit	577,414	581,304
Operating expenses:		
Store and administrative	342,788	347,338
Depreciation	9,309	9,661
Total operating expenses	352,097	356,999
Income from operations	225,317	224,305
Non-operating income:		
Interest income	747	703
Changes in net assets before distributions	226,064	225,008
Distributions:		
Law enforcement	15,861	15,669
Alcohol education	11,103	10,969
Total distributions	26,964	26,638
Changes in net assets before profit distributions	199,100	198,370
Profit distributions:		
Town of Black Mountain	54,000	54,000
Buncombe County	18,000	18,000
Total profit distributions	72,000	72,000
Changes in net position	127,100	126,370
Net position, beginning of year	782,032	655,662
Net position, end of year	\$ 909,132	782,032

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

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,365,482	\$ 2,366,406
Cash payments to suppliers for goods and services	(1,744,718)	(1,846,461)
Cash payments to employees for services	(237,201)	(242,732)
Net cash provided by operating activities	383,563	277,213
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(539,048)	-
Cash Flows from Non-Capital Financing Activities:		
Law enforcement distributions	(16,268)	(14,800)
Alcohol education distributions	(11,348)	(10,400)
Profit distributions	(72,000)	(72,000)
Net cash used by non-capital financing activities	(99,616)	(97,200)
Cash Flows from Investing Activities:		
Interest on investments	747	703
Increase (decrease) in cash and cash equivalents	(254,354)	180,716
Cash and cash equivalents, beginning of year	585,566	404,850
Cash and cash equivalents, end of year	\$ 331,212	\$ 585,566
 Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	\$ 225,317	\$ 224,305
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,309	9,661
Change in assets and liabilities:		
Inventory	40,388	37,735
Prepaid expenses	(3,492)	920
Accounts payable and accrued expenses	106,308	2,168
Pension liability	(1,419)	34,462
Deferred inflows of resources	(321)	(2,251)
Deferred outflows of resources	7,473	(29,787)
Total adjustments	158,246	52,908
Net cash provided by operating activities	\$ 383,563	\$ 277,213

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

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A component unit of the Town of Black Mountain)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Summary of Significant Accounting Policies

The Board's accounting policies reflect industry practices and conform to accounting principles generally accepted in the United States of America. Policies considered significant are briefly described below.

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

The Town of Black Mountain Board of Alcoholic Control, a component unit of the Town of Black Mountain, is a corporate body with powers outlined by General Statutes Chapter 18B 701. The Town's governing body appoints the Board.

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

B. Organizational History

The Board was organized under the provisions of Senate Bill #351 of the North Carolina Legislature, General Assembly of 1971, March 31, 1971, and implemented by a town wide election held July 13, 1971. Appointments by the Black Mountain Town Council are for three-year terms.

North Carolina General Statute 18B-805(c)(2) and (3) requires that the Board expend at least 5% of profits for law enforcement and at least 7% of profits for alcohol education and rehabilitation purposes.

The Board has operated a single store since inception.

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 position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. All sales are made for cash (or credit card) and recorded at the time of sale; revenues are recorded when earned. Checks are only accepted for mixed beverage accounts. 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 judgement liabilities, among other accounts. Actual results may differ from those estimates.

F. Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of 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 provided 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 Board are made in board-designated official depositories and are collateralized as required by G.S. 159-31. The Board may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts and certificates of deposit.

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

At June 30, 2018, the Board's deposits had a carrying amount of \$329,712 and a bank balance of \$359,201. All of the Board's deposits were covered by federal depository insurance. The store also had cash on hand at June 30, 2018, of \$1,500.

At June 30, 2017, the Board's deposits had a carrying amount of \$583,970 and a bank balance of \$577,445. \$40,886 of the bank balance was in excess of federal depository insurance coverage. The store also had cash on hand at June 30, 2017 of \$1,596.

2) Investments

G.S. 159-30(c) authorizes The Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust, an SEC registered mutual fund. Investments are stated at cost or amortized cost. The Board held no investments at June 30, 2018.

3) Cash and Cash Equivalents

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

4) Inventories

Inventories are valued at the lower of cost (FIFO) or market.

5) Construction Commitments

The board has active construction projects as of June 30, 2018. At year-end, the Board's commitments with contractors are as follows

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Store renovations	\$539,048	\$88,000

6) Capital Assets

Property and equipment are stated at cost and are being depreciated over their estimated useful lives on a straight-line basis. Estimated useful lives are as follows: Buildings & Improvements 10 – 40 years; furniture & equipment (store or office) 5 – 10 years; and furniture & equipment (warehouse) 10 years.

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 66,737	-	-	\$ 66,737
Construction in progress	-	539,048	-	539,048
Total capital assets not being depreciated	<u>66,737</u>	<u>539,048</u>	<u>-</u>	<u>605,785</u>
Capital assets being depreciated				
Buildings	178,105	-	-	178,105
Improvements	12,890	-	-	12,890
Equipment - Office	3,254	-	-	3,254
Equipment - Store	51,236	-	-	51,236
Equipment - Warehouse	197	-	-	197
Total capital assets being depreciated	<u>245,682</u>	<u>-</u>	<u>-</u>	<u>245,682</u>
Less accumulated depreciation for:				
Buildings	(148,424)	(5,776)	-	(154,200)
Improvements	(2,259)	(680)	-	(2,939)
Equipment - Office	(2,404)	(213)	-	(2,617)
Equipment - Store	(40,105)	(2,640)	-	(42,745)
Equipment - Warehouse	(197)	-	-	(197)
Total accumulated depreciation	<u>(193,389)</u>	<u>(9,309)</u>	<u>-</u>	<u>(202,698)</u>
Total capital assets being depreciated, net	<u>52,293</u>	<u>-</u>	<u>-</u>	<u>42,984</u>
Capital Assets, net	<u>\$119,030</u>			<u>\$ 648,769</u>

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

7) Net Position

Net position consists of the following:

- a. Invested 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 the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. There was no debt nor unspent debt proceeds as of June 30, 2018. Restricted for capital improvements – State law G.S. 18B-805(d) requires approval of the appointing authority (Town of Black Mountain) to establish this account.

- 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' average gross sales of the last fiscal year for boards with gross sales less than \$1,500,000; (2) three months of the latest fiscal year for boards with gross sales greater than or equal to \$1,500,000 and less than \$50,000,000; and (3) two months of the latest fiscal year for boards with gross sales equal to or greater than \$50,000,000. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by State law [G.S. 18B-805(b), (2), (3), and (4)].
- c. Unrestricted net position – This component of net position consists of net position that does not meet the definition of restricted or investment in capital assets.

Note 2 – Stewardship, Compliance and Accountability

Excess Expenditures over Appropriations

For the fiscal year ended June 30, 2018, cost of sales exceeded the appropriations set by the governing board. An error occurred in the calculation of the cost of sales when deriving the budget. Management and the Board will ensure compliance in future years by ensuring the cost of sales budgeted corresponds appropriately with the budgeted revenues with a reasonable gross margin.

Note 3 – Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The 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.

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 Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2018, 7.57% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Board were \$11,115 for the year ended June 30, 2018.

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, 2018, the Board reported a liability of \$40,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Board's proportion was 0.00263%, which was an increase of 0.00067% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Board recognized pension expense of \$16,848. At June 30, 2018, 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	\$ 2,315	\$ 1,137
Changes of assumptions	5,738	-
Net difference between projected and actual earnings on pension plan investments	9,756	-
Changes in proportion and differences between Board's contributions and proportionate share of contributions	7,326	-
ABC Board's contributions subsequent to the measurement date	11,115	-
Total	<u>\$ 36,250</u>	<u>\$ 1,137</u>

\$11,115 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 5,093
2019	13,805
2020	7,205
2021	(2,105)
2022	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016, 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	7.20 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, 2016, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
ABC Board's proportionate share of the net pension liability (asset)	\$ 120,619	\$ 40,179	\$ (26,962)

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.

Note 4 – Lease and Rental Expense

The Board rents various equipment under short-term lease arrangements. Rental expense for the years ended June 30, 2018 and 2017, amounted to \$489 and \$634, respectively.

Note 5 – Subsequent Events

The Board evaluated the effects subsequent effects would have on the financial statements through September 17, 2018, which is the date the financial statements were available to be issued.

Note 6 – Vacation and Sick Leave Compensation

Board employees may accumulate up to 240 hours earned vacation and such leave is fully vested when earned. Accumulated earned vacation payable at June 30, 2018 and 2017, amounted to \$3,770 and \$2,590, respectively.

Employees can accumulate an unlimited amount of unused sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no liability for sick leave has been recorded.

Note 7 – Bailment Surcharge Collected

The total amounts of bailment surcharge collected for the years ended June 30, 2018 and 2017, amounted to \$16,997 and \$17,595, respectively. The current rate is \$1.40 per case sold.

Note 8 – Distributions of Income

The Board has made distributions since its inception in 1971 as follows:

	<u>Current Year</u>	<u>Total To Date</u>
75% Town of Black Mountain	\$ 54,000	\$ 2,035,927
25% Buncombe County	<u>18,000</u>	<u>678,640</u>
	<u>\$ 72,000</u>	<u>\$ 2,714,567</u>

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.

Note 9 – Law Enforcement and Alcoholic Education Expenses

The Board is required by law to expend at least 5% of its total profits for law enforcement and not less than 7% of its total profits for alcohol education. The Board has decided to expend 10% of its total profits for law enforcement and 7% of its total profits for alcohol education and rehabilitation. Profits are defined by law for these calculations as change in net position before law enforcement and educational expenses, less the 3-1/2% markup provided in G.S. 18B-804(b)(5) and the additional bottle charge provided for in G.S. 18B-804(b)(6b).

	<u>2018</u>	<u>2017</u>
Profit before required distributions	\$ 231,309	\$ 224,479
Less: 3-1/2% tax and additional bottle charge	<u>(67,457)</u>	<u>(67,786)</u>
Profit subject to expense percentages	<u>\$ 163,853</u>	<u>\$ 156,693</u>
Law enforcement expenditures - actual	<u>\$ 16,385</u>	<u>\$ 15,669</u>
Percentage of profit	10%	10%
Provisions for alcoholic education and rehabilitation - actual	<u>\$ 11,470</u>	<u>\$ 10,969</u>
Percentage of profit	7%	7%

Note 10 – Liquor Sales Tax

The total amount of sales tax collected by the Board and remitted to the Department of Revenue for the fiscal year was \$148,912. The current sales tax rate is 7%.

Note 11 – Retail Outlet

The Board operates a single retail facility located at 207 NC Highway 9, Black Mountain, NC 28711.

Note 12 – 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 ended June 30, 2018 and 2017, are summarized as follows:

	<u>2018</u>	<u>2017</u>
Taxes payable, beginning of year	\$ 46,426	\$ 43,703
Taxes collected for the year	514,118	515,516
Taxes remitted to Department of Revenue	<u>(514,962)</u>	<u>(512,793)</u>
Taxes payable, end of year	<u>\$ 45,582</u>	<u>\$ 46,426</u>

The excise tax is computed in accordance with G.S. 18B-805(i). The North Carolina excise tax payable at June 30, 2018, was remitted to the North Carolina Department of Revenue in July 2018.

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 or rehabilitation. For 2018 and 2017, payments to the county were based on the following bottle sales:

<u>Bottle Size</u>	<u>Chg.</u>	<u>2018</u>		<u>2017</u>	
		<u>Number of Bottles</u>	<u>Amount</u>	<u>Number of Bottles</u>	<u>Amount</u>
Regular bottles	.05	113,431	\$ 5,672	121,051	\$ 6,053
Mixed bev. bottles	.05	10,887	544	9,026	451
50 ml. or less	.01	<u>61,834</u>	<u>618</u>	<u>56,134</u>	<u>561</u>
Total		<u>186,152</u>	<u>\$ 6,834</u>	<u>186,211</u>	<u>\$ 7,065</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 years 2018 and 2017 was:

	<u>2018</u>	<u>2017</u>
Department of Revenue (50%)	\$ 20,447	\$ 16,933
Department of Human Resources (5%)	2,045	1,693
Profit Retained (45%)	<u>18,402</u>	<u>15,240</u>
Total	<u>\$ 40,894</u>	<u>\$ 33,866</u>

Note 13 – Working Capital

The Board is required by the Alcoholic Beverage Control Commission Rule .0902 to set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year or greater than three months' average gross sales of the last fiscal year. Gross sales means 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	\$ 70,078
Maximum allowed	\$ 455,509
Actual working capital as defined by Alcoholic Beverage Control Commission Rule .0902	\$ 220,469

The Board has met the minimum amount of working capital required.

Note 14 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has commercial property, general liability, workman'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, bookkeeper, and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

Note 15 – Line of Credit

On March 22, 2018, the Board obtained a line of credit for \$200,000 at 3.95% with a term of 3 1/2 years. As of June 30, 2018, the balance was \$0.

REQUIRED

SUPPLEMENTARY INFORMATION

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL

SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST THREE FISCAL YEARS *

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016**</u>
Board's proportionate share of the net pension liability (asset) (%)	0.00263%	0.00196%	0.00159%
Board's proportion of the net pension liability (asset) (\$)	\$ 40,179	\$ 41,598	\$ 7,136
Board's covered-employee payroll	150,557	120,851	107,452
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.69%	34.42%	6.64%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%

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

**Fiscal year 2016 was the ABC Board's first year of implementation of GASB 68

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL

SCHEDULE OF BOARD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016*</u>
Contractually required contribution	\$ 11,150	\$ 11,248	\$ 8,399
Contribution in relation to the contractually required contribution	<u>11,150</u>	<u>11,248</u>	<u>8,399</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 147,286	\$ 150,557	\$ 120,851
Contributions as a percentage of covered- employee payroll	7.57%	7.47%	6.95%

*Fiscal year 2016 was the ABC Board's first year of implementation of GASB 68

REQUIRED
SUPPLEMENTAL INFORMATION
BY
ABC COMMISSION

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

SCHEDULE OF STORE AND ADMINISTRATIVE EXPENSES

For the years ended June 30, 2018 and 2017

	2018	2017
Board members - per diem	\$ 5,850	\$ 6,300
Salaries and wages	187,805	180,259
Payroll taxes	14,341	14,317
Retirement expense	16,848	12,668
Group insurance	26,919	37,012
Supplies	6,065	6,004
Memberships, dues and subscriptions	532	469
Equipment repairs and maintenance	985	1,247
Building repairs and maintenance	1,845	1,015
Equipment rental	489	634
Utilities	8,249	8,211
Telephone	3,810	3,260
Postage	528	384
General insurance	9,763	11,198
Professional and consulting fees	12,749	10,392
Architect	-	8,965
Software maintenance fees	4,028	3,534
Office expense	3,393	2,238
Bank charges	4,641	5,085
Credit card charges	32,232	31,738
Uniforms	862	661
Miscellaneous	854	1,747
	\$ 342,788	\$ 347,338
Total		

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

SCHEDULE OF DISTRIBUTIONS OF PROFITS
For the year ended June 30, 2018

Distribution	Recipient	Amount	Date of Distribution
Law Enforcement	Black Mountain Police	\$ 3,700	10/02/17
Law Enforcement	Black Mountain Police	3,700	01/02/18
Law Enforcement	Black Mountain Police	3,700	04/02/18
Law Enforcement	Black Mountain Police	3,700	06/29/18
Law Enforcement	Black Mountain Police	1,585	TBD
Total Law Enforcement		\$ 16,385	
Alcohol Education	First at Blue Ridge	\$ 2,600	10/02/17
Alcohol Education	First at Blue Ridge	2,600	01/02/18
Alcohol Education	First at Blue Ridge	2,600	04/02/18
Alcohol Education	First at Blue Ridge	2,600	06/29/18
Alcohol Education	First at Blue Ridge	1,070	TBD
Total Alcohol Education		\$ 11,470	
Municipality	Town of Black Mountain	\$ 13,500	10/02/17
Municipality	Town of Black Mountain	13,500	01/02/18
Municipality	Town of Black Mountain	13,500	04/02/18
Municipality	Town of Black Mountain	13,500	06/29/18
Total Town of Black Mountain		\$ 54,000	
County	Buncombe County	\$ 4,500	10/02/17
County	Buncombe County	4,500	01/02/18
County	Buncombe County	4,500	04/02/18
County	Buncombe County	4,500	06/29/18
Total Buncombe County		\$ 18,000	

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Modified Accrual)
For the year ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:				
Operating revenue:				
Liquor sales - regular	\$ 2,262,290	\$ 2,262,290	\$ 2,125,328	\$ (136,962)
Mixed beverage sales	199,000	199,000	234,942	35,942
Wine/mixer sales	6,000	6,000	5,212	(788)
Total	<u>2,467,290</u>	<u>2,467,290</u>	<u>2,365,482</u>	<u>(101,808)</u>
Non-operating revenues:				
Interest	600	600	747	147
Total revenues	<u>2,467,890</u>	<u>2,467,890</u>	<u>2,366,229</u>	<u>(101,661)</u>
Expenditures				
Taxes based on revenue:				
State excise tax	550,000	550,000	514,118	35,882
Mixed beverage tax	17,680	17,680	22,492	(4,812)
Rehabilitation charge	7,000	7,000	6,834	166
Wine & mixer sales tax	450	450	-	450
Total	<u>575,130</u>	<u>575,130</u>	<u>543,444</u>	<u>31,686</u>
Cost of sales	<u>1,190,150</u>	<u>1,190,150</u>	<u>1,244,624</u>	<u>(54,474)</u>
Operating expenditures:				
Board members - per diem	6,500	6,500	5,850	650
Salaries and wages	202,900	202,900	186,625	16,275
Payroll taxes	16,000	16,000	14,341	1,659
Retirement - employer portion	11,500	11,500	11,115	385
Group insurance	42,000	42,000	26,919	15,081
Supplies	6,950	6,950	6,065	885
Memberships, dues and subscriptions	950	950	532	418
Equipment repairs and maintenance	1,850	1,850	985	865
Building repairs and maintenance	1,850	1,850	1,845	5
Equipment rental	720	720	489	231
Utilities	9,500	9,500	8,249	1,251
Telephone	3,500	3,500	3,810	(310)
Uniforms	1,000	1,000	862	138
Postage	675	675	528	147

(Continued on next page)

THE TOWN OF BLACK MOUNTAIN BOARD OF ALCOHOLIC CONTROL
(A Component Unit of the Town of Black Mountain)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Modified Accrual)
For the year ended June 30, 2018

	Original and Final Budget	Amended Budget	Actual	Variance Positive (Negative)
General insurance	12,500	12,500	9,763	2,737
Professional fees	22,000	22,000	12,749	9,251
Software maintenance fees	4,600	4,600	4,028	572
Office expense	3,000	3,000	3,393	(393)
Bank charges	5,500	5,500	4,641	859
Credit card charges	33,000	33,000	32,232	768
Contingencies (miscellaneous)	10,545	10,545	854	9,691
Total	397,040	397,040	335,875	61,165
Capital outlay	349,835	629,692	539,048	90,644
Distributions:				
Law enforcement	18,500	18,500	15,861	2,639
Alcohol education	12,900	12,900	11,103	1,797
Town of Black Mountain	54,000	54,000	54,000	-
Buncombe County	18,000	18,000	18,000	-
Total	103,400	103,400	98,964	4,436
Total expenditures and distributions	2,615,555	2,895,412	2,761,955	133,457
Revenues (under) expenditures	(147,665)	(427,522)	(395,726)	31,796
Other financing sources:				
Line of credit	-	200,000	-	(200,000)
Unrestricted funds	147,665	227,522	-	(227,522)
Total other financing sources	147,665	427,522	-	(427,522)
Revenues over expenditures and other financing sources	\$ -	\$ -	\$ (395,726)	\$ (395,726)
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation			(9,309)	
Capital outlay			539,048	
Increase in accrued vacation pay			(1,180)	
Decrease in pension related accruals			(5,733)	
Total			522,826	
Change in net position			\$ 127,100	