

Hyde ABC Board Meeting

Audit Presentation

9.28.17

Call to Order: 6:30

Attendance: All Board Members, Finance Officer, General Manager and Auditor Scott May.

Ethics Commitment: Reminder by Board Chair Meredith N.

Prior Board Minutes: August Board Minutes tabled until October meeting.

Audit Presentation: Scott May went over the Audit for 2016-2017 Fiscal year. His comments included that "we are doing a wonderful job and we should be proud of ourselves." His one recommendation was to update our software to work with the State pricing and ordering system. We asked several questions about the Software available to us, and will follow up by continuing to gather information. Meredith wants us to be ready for installation during February because that is our slowest month. We have to start getting ready by choosing the right company and getting it on schedule.

Scott was finished with his presentation by 6:47

Old Business:

1. Educational distribution: Roman Gabriel of "Sold Out" will be invited back to Mattamuskeet and Ocracoke Jr. High and High Schools. Roman asked for \$2800 for the meetings last year and has asked for \$3500 this year. He gave us a discount last year recognizing that we are a small Board. Vicki will negotiate the price and report in by email to everyone.

New Business:

1. Meredith asked Vicki to check to make sure the State website was up to date with correct information about the appointing of Board members for their 3 year terms and those dates of service.
2. Meredith will present the County with the distribution we owe them for our last fiscal year. She will present the Check at the November County Commissioner Board meeting. She will also discuss some of the audit findings at that time.

Gary's Financial Statements for August 2017 and Comments.

1. Gary was satisfied with the Audit. He believed Scott May did a good job responding back and forth and answered all of our questions.

2. Gary discusses our PCL claim of lost revenue due to the power outage for a week that caused a mandatory evacuation for Ocracoke. Gary has spent a lot of time filling out endless paperwork for the claim. We should get in around \$5000.

Gary's Financial Statement:

1. There are several things to note this month as you review the financial statements. First, both the month and the year-to-date reports no longer show "Administration Allocated" expenses. All the expenses are shown in detail and not lumped together in the MTD and YTD statements. The only place you will see the Administration Allocated is in the By Store reports which is the only place where allocated expenses have any meaning.
2. The very last two pages are a new report **YTD Profit & Loss Budget vs. Actual**. Note that the Budget Column is the full year budget. It would be extremely time consuming to budget each month. However, this report will help us recognize when we are in danger of exceeding any budget expenditures on a YTD basis and allow us to revise our budget accordingly. With only two months under our belt, we are well within our budget.

• **Balance Sheet:**

- Despite the power outage, we still have \$2,030.34 more in the bank than last year at this same time. Coupled with the fact that **our Inventory is up \$16,308.38** and our **Accounts Payable** are down \$13,745.77, we remain in a strong financial position.
- **Total Liabilities** are down \$522.42. Our estimated Required Distribution to Hyde County of \$22,430 is the primary reason liabilities aren't down farther.

• **August Profit & Loss:**

- Thanks largely to the power outage, our **Sales** dropped \$22,548.44. Our **Gross Profit** fell from \$26,704.14 last year to **\$24,449.14** this year, a drop of **\$2,255.00**
- **Total Expenses** were nearly unchanged from last year at \$12,505.03 versus \$12,595.91 last year.
- **Net Income** fell **\$1,849.47** reflecting our drop in Gross Profit noted above.

• **Year-To-Date Profit & Loss:**

- Sales are down \$24,543.59 and Gross Profit is down **\$6,380.15** for the same reasons noted for the month of August.
- Total Expenses are up \$1,429.88 largely due to increased Salaries & Wages of \$1,257.27. Supplies dropped \$781.08 while Merchant Fees were up \$930.72 (note that the Merchant Fees increase is the result of our recognizing them in the month to which they relate, rather than the month in which they are billed to us).
- Net Income dropped **\$8,369.47** from \$32,653.33 to **\$24,283.86**.

General Manager Comments: Due to our lack of sales in Ocracoke I have cut the Liquor orders accordingly because I have unsold stock still available. The August order was cut around \$5500. The Sept. order was also cut. Smaller Mix Bev sales account for the majority of the loss, but there are also less Retail sales. August sales were

up 9.2% across the State. Tyrell and Dare County was also down I imagine due to the same problem with Hatteras also being evacuated.

Adjourn : 7:11 pm