Independent Auditor's Report

City of Statesville ABC Board

As of

June 30, 2026 and 2025

Revised 10-27-26

Prepared By:

M. David McKenzie, CPA, PLLC

City of Statesville ABC Board

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M David McKenzie, CPA, PLLC
Certified Public Accountant

P.O Box 1264
Mooresville, NC 28115
(704) 664-3624

Independent Auditor's Report

Board of Directors
City of Statesville ABC Board
Statesville, North Carolina

Opinions

We have audited the accompanying financial statements of the City of Statesville ABC Board, a component unit of the City of Statesville, which comprise the Statement of Net Position as of June 30, 2026 and 2025, and the related Statement of Revenues, Expenses and Changes in Net Position, and cash flows for the year then ended, and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Statesville ABC Board as of June 30, 2026, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may rais substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Rations, the Local Government Employees' Retirements System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, The Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 assurance.

Supplementary and Other Information

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

The Schedule of Expenses by Store, Administrative Expenses, Warehouse Expenses, and Schedule of Revenues and Expenditures – Budget vs. Actual 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.

M. David McKenzie, CPA, PLLC

Mooresville, North Carolina
September 23, 2026

Management's Discussion and Analysis

This section of the Alcoholic Beverage Control (ABC) Board's financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2026. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- Revenue decreased approximately 3.5% during the year.
- Total profit distributions, including law enforcement and alcohol education expenditures, totaled approximately $484,848 vs. $935,977 for the prior year.
- Total liabilities decreased $479,165 which is a 30% decrease from the prior year.

Overview of the Financial Statements

The audited financial statements of the ABC 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 3 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 some schedules in addition to the information required by generally accepted accounting principles. They include a Schedule of Store Expenses, a Schedule of Administrative Expenses, and a Schedule of Warehouse Expenses and a Budget to Actual Reconciliation.

Financial Analysis of the ABC Board

Net position is an indicator of the fiscal health of the Board. Assets and deferred outflows exceeded liabilities by $1,742,959 in 2026 and $1,775,139 in 2025. The largest component of net assets is unrestricted net assets which represented 40% of net assets in 2026 and 44% in 2025. Following is a summary of the Statement of Net Assets:

Table 1
Condensed Statement of Net Position

	6/30/2026	6/30/2025	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Current assets	$ 1,993,192	$ 2,177,362	$ (184,170)	-8.5%
Non-current assets	1,101,647	1,140,626	(38,979)	-3.4%
Total assets	3,094,839	3,317,988	(223,149)	-6.7%
Current liabilities	597,267	1,009,895	(412,628)	-40.9%
Non-current liabilities	498,598	565,134	(66,536)	-11.8%
Total liabilities	1,095,868	1,575,030	(479,162)	-30.4%
Invested in capital assets, net of related debt	776,423	757,948	18,475	2.4%
Restricted net assets	283,348	293,679	(10,331)	-3.5%
Unrestricted net assets	953,496	709,558	243,938	34.4%
Total net assets	2,013,267	1,761,185	252,082	14.3%

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

	6/30/2026	6/30/2025	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Operating Revenues	$ 9,562,934	$ 9,895,462	$ (332,528)	-3.4%
Less: Taxes on Gross Sales	2,189,975	2,253,831	(63,856)	-2.8%
Net Sales	7,372,959	7,641,631	(268,672)	-3.5%
Cost of Sales	5,092,183	5,243,017	(150,834)	-2.9%
Gross Profit	2,280,776	2,398,614	(117,838)	-4.9%
Less: Operating Expenses	1,556,345	1,530,923	25,422	1.7%
Income from Operations	724,431	867,691	(143,260)	-16.5%
Non-Operating Revenues and Expenses	12,469	17,220	(4,751)	-27.6%
Change in Net Position Before Distributions	736,900	884,911	(148,011)	-16.7%
Distributions	484,818	935,977	(451,159)	-48.2%
Change in Net Position	252,082	(51,066)	303,148	0.0%
Net Position, Beginning	1,761,185	1,812,252	(51,067)	-2.8%
Net Position, Ending	2,013,267	1,761,185	252,082	14.3%

Following is a breakdown of sales by source:

	6/30/2026	6/30/2025	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Retail Liquor Sales	$ 8,711,627	$ 8,991,448	$ (279,821)	-3.1%
Mixed Beverage Sales	844,203	897,593	(53,390)	-5.9%
Retail Wine Sales	7,104	6,422	682	10.6%
Total Sales	$ 9,562,934	$ 9,895,462	$ (332,528)	-3.4%

Capital Asset and Debt Administration

Capital Assets

Investment in capital assets as of June 30, 2026 totaled $1,080,762 net of accumulated depreciation.

Table 3
Capital Assets (net of depreciation)

	6/30/2026	6/30/2025	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Buildings	$ 830,648	$ 908,764	$ (78,116)	-8.6%
Land	235,050	235,050	-	0.0%
Store equipment	15,064	44,875	(29,811)	-66.4%
Total Capital Assets	1,080,762	1,188,689	(107,927)	-9.1%

Debt Administration

Long-term debt consists of compensated absences payable to Board employees and notes payable associated with a second store.

Table 4
Summary of Changes in Long-term Debt

	6/30/2026	6/30/2025	$ Change This Yr Over Last Yr	% Change This Yr Over Last Yr
Compensated Absenses	$ 76,107	$ 64,426	$ 11,681	18.1%
Notes Payable	322,745	379,783	(57,038)	-15.0%
Total Long-term Debt	398,851	444,209	(45,358)	-10.2%

Economic Factors

The area in which the Board operates is exhibiting a strong economy and increasing population.

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

Mr. Tip Nicholson, Manager
City of Statesville ABC Board
311 South Center Street
Statesville, NC 28681

City of Statesville ABC Board #120
(A component unit of the City of Statesville Government)
Statement of Net Position
As of June 30, 2026 and 2025

	June 30, 2026	June 30, 2025
Assets		
Current Assets		
Cash and Cash Equivalents	$ 1,155,645.35	$ 1,124,444.37
Inventory - Store #1	457,085.80	600,142.11
Inventory - Store #2	380,461.05	452,775.93
Total Current Assets	1,993,192.20	2,177,362.41
Non-current Assets		
Deferred Outflows Related to Pensions	59,253.00	59,933.00
Property, Plant and Equipment Net of Accumulated Depreciation	1,042,393.51	1,080,692.76
Total Non-Current Assets	1,101,646.51	1,140,625.76
Total Assets	$ 3,094,838.71	$ 3,317,988.17

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

City of Statesville ABC Board #120
(A component unit of the City of Statesville Government)
Statement of Net Position
As of June 30, 2026 and 2025

	June 30, 2026	June 30, 2025
Liabilities		
Current Liabilities		
Accounts Payable	$ 151,128.93	$ 130,138.07
Federal Withholding Payable	12,604.60	8,310.49
FICA Withholding Payable	14,416.07	3,682.61
State Withholding Payable	787.00	787.00
Mixed Bev. Tax (DHR) Payable	79.59	62.21
Alcohol Taxes Payable	167,889.35	165,212.35
Alcohol Taxes (Iredell County) Payable	1,995.91	1,792.46
Wine/Mixer Tax Payable	483.41	488.27
Sales Tax Payable	2,452.91	1,009.12
Accrued Unemployment Payable	(2,071.23)	(2,071.23)
Employee Credit Union Payable	(428.58)	(428.58)
Employee 401(K) Payable	3,031.43	3,977.89
Employee State Retirement	4,672.02	4,074.92
Due to Statesville - LBD	20,353.00	70,750.00
Due to Statesville (Regular)	61,865.00	223,536.00
Due to I/S Schools	38,662.00	139,710.00
Due to Mitchell Comm. Coll.	38,662.00	139,710.00
Due to Iredell Museums	15,464.00	55,884.00
Due to Law Enforcement	9,446.00	9,446.00
Current Portion - Long Term Debt	55,773.28	53,823.83
Total Current Liabilities	597,266.69	1,009,895.41
Non-Current Liabilities		
Compensated Absences Payable	78,077.18	76,106.62
Note Payable - Blue Harbor	265,970.48	322,744.55
Net Pension Liability	210,324.00	220,107.00
Less: Current Portion	(55,773.28)	(53,823.83)
Total Non-Current Liabilities	498,598.38	565,134.34
Total Liabilities	1,095,865.07	1,575,029.75
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	(14,293.00)	(18,227.00)
Deferred Outflows Related to Pensions	0.00	0.00

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

City of Statesville ABC Board #120
(A component unit of the City of Statesville Government)
Statement of Net Position
As of June 30, 2026 and 2025

	June 30, 2026	June 30, 2025
Net Position		
Invested in capital assets net of related debt	776,423.03	757,948.21
Restricted:		
Minimum Working Capital	283,348.00	293,679.00
Unrestricted	953,495.61	691,331.21
Total Net Position	2,013,266.64	1,761,185.42
Total Liabilities and Net Position	$ 3,094,838.71	$ 3,317,988.17

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

City of Statesville ABC Board #120
(A component unit of the City of Statesville Government)
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2026 and 2025

	Jun. 30, 2026	Jun. 30, 2025
Operating Revenue		
Sales	$ 1,642,909.21	$ 1,860,679.42
Sales - LBD	844,203.00	897,592.63
Sales - Credit & Debit Cards	7,068,717.56	7,130,768.72
Sales - Wine & Mixers	7,104.32	6,421.59
Total Gross Sales	9,562,934.09	9,895,462.36
Deduct Taxes on Gross Sales		
Mixed Beverage Tax - DHR	6,264.93	6,398.83
30% Alcohol Tax	2,095,525.56	2,157,738.00
5 Cent Alcohol Tax	24,133.00	25,273.00
Wine/Mixer Tax	1,202.25	433.46
Mixed Beverage Surcharge	62,849.00	63,988.00
Total Taxes	2,189,974.74	2,253,831.29
Net Sales	7,372,959.35	7,641,631.07
Deduct Cost of Sales		
Cost of Liquor Sold	5,092,183.74	5,243,017.16
Gross Profit on Sales	2,280,775.61	2,398,613.91
Operating Expenses		
Store Expenses	1,496,826.36	1,465,029.21
Administrative Expenses	16,224.40	18,085.80
Depreciation Expenses	43,294.55	47,808.04
Total Operating Expenses	1,556,345.31	1,530,923.05
Income From Operations	724,430.30	867,690.86
Non-operating Revenues and Expenses		
Interest Earned	12,068.92	17,219.69
Other Income	400.00	
Total Non-Operating Revenue (Expenses)	12,468.92	17,219.69
Change in Net Position Before Distributions	736,899.22	884,910.55

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

City of Statesville ABC Board #120
(A component unit of the City of Statesville Government)
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2026 and 2025

	Jun. 30, 2026	Jun. 30, 2025
Deduct		
Law Enforcement	24,852.00	31,500.00
Alcohol Education	100,000.00	92,000.00
Total Alcohol Ed. & Law Enforcement	124,852.00	123,500.00
Change in Net Position Before Profit Distributions	612,047.22	761,410.55
Profit Distributions		
City of Statesville	147,000.00	295,113.00
Iredell - Statesville Schools	79,154.00	179,217.00
Mitchell Community College	79,154.00	179,217.00
Iredell Museums Distributions	31,661.00	71,686.00
City of Statesville - LBD	22,997.00	87,244.00
Total Distributions	359,966.00	812,477.00
Change in Net Position	252,081.22	-51,066.45
Net Position, Beginning of Year (Net of Prior Years Adjustment)	1,761,185.42	1,812,251.87
Net Position End of Year	$ 2,013,266.64	$ 1,761,185.42

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

City of Statesville ABC Board
(A component unit of the City of Statesville Government)
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2026 and June 30, 2025

	2026	2025
Cash flows from operating activities:		
Cash received from customers	$ 9,562,934.09	$ 9,895,462.36
Cash payments to suppliers for goods and services	(5,801,375.28)	(5,823,469.18)
Cash payments to employees for services	(999,288.71)	(989,807.47)
Liquor taxes Paid	(2,189,974.74)	(2,156,696.12)
Net cash provided by operating activities	$ 572,295.36	$ 925,489.59
Cash flows from capital and related financing activities		
Principal paid on loan maturities	(56,774.07)	(57,038.06)
Interest paid on loans	(11,574.23)	(13,267.34)
Acquisitions and construction of capital assets	-	-
Cash from/(used for) capital and related financing activities	(68,348.30)	(70,305.40)
Cash flows from non-capital financing activities:		
Increase (decrease) in non-current liabilities	-	(40,336.25)
(Increase) Decrease in Non-Current Assets	-	-
Law Enforcement Distributions	24,852.00	31,500.00
Alcohol education distributions	100,000.00	92,000.00
Profit distributions	359,966.00	812,477.00
Net cash used by non capital financing activities	484,818.00	895,640.75
Cash flows from investing activities:		
Interest on Investments	12,068.92	17,219.69
Other	-	-
Net cash provided by investing activities	12,068.92	17,219.69
Net increase/(decrease) in cash and cash equivalents	31,197.98	(23,236.87)
Cash and cash equivalents, beginning of year	1,124,447.37	1,147,684.24
Cash and cash equivalents, end of year	$ 1,155,645.35	$ 1,124,447.37

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

City of Statesville ABC Board
(A component unit of the City of Statesville Government)
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2026 and June 30, 2025

	2026	2025
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	724,430.30	867,200.26
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation & Amortization	43,294.55	63,848.96
Changes in assets and liabilities:		
Decrease/(Increase) in Inventory	215,371.19	225,640.43
Increase/(Decrease) in Accounts Payable	39,849.32	(251,619.51)
Increase/(Decrease) in Accrued Liabilities	(454,584.00)	12,044.45
Decrease/(Increase) in Deferred Outflows of Resources for Pensions	3,934.00	8,375.00
Total Adjustments	(152,134.94)	58,289.33
Net cash provided by operating activities	$ 572,295.36	$ 925,489.59

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

City of Statesville ABC Board
Notes to the Financial Statements

1. Summary of Significant Accounting Policies

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

The City of Statesville ABC Board, a component unit of the City of Statesville, is a corporate body with powers outlined by General Statutes Chapter 18B-701. The City's governing body appoints the ABC Board.

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

B. Organizational History

The Board was organized under the provisions of Senate Bill #1092, Chapter 509 of the North Carolina Legislature, General Assembly of 1973 and implemented by a City wide election held September 11, 1973. The Statesville City Council appointed three individuals to serve on the Board with terms of three years, on a staggered basis.

The Board, as provided by North Carolina Alcoholic Beverage Control laws, operates a retail liquor store. North Carolina General Statute 18B-805(c)(2)(3) requires that the Board expend at least 5% of profits for law enforcement and at least 7% of same profits for alcohol education and rehabilitation purposes.

C. Basis of Presentation

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. All sales are made by cash, check, debit or credit card and recorded at the time of sale. Other revenues are recorded when earned. Expenses are recognized when incurred. As permitted, the Board has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its proprietary operation, unless those pronouncements conflict with or contradict GASB pronouncements.

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 and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

F. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows 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 when due and the ABC Board has a legal requirement to provide 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 Assets

Deposits

All deposits of the City of Statesville ABC Board are made in Board-designated official depositories but are not 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 such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

The 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 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 deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2026 the ABC Board's deposits had a carrying value of $1,145,645 and a bank balance of $1,169,513. The Board maintains accounts at a single institution. Bank balances up to $250,000 at each institution are covered by federal depositary insurance. As of June 30, 2026 the Board had uninsured balances of $669,513. Amounts in excess of the federal depositary insurance limits are collateralized under the Pooling Method.

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 banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

At June 30, 2026 the City of Statesville ABC Board had no investments.

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis. Intangibles are amortized over their useful lives on a straight-line basis. Depreciation and amortization are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	$ 235,050.00			$ 235,050.00
Total capital assets not being depreciated	235,050.00	-	-	235,050.00
Capital assets being depreciated				
Buildings	1,602,600.41	-	-	1,602,600.41
Furniture, Fixtures and Equipment	323,382.61	-	-	323,382.61
Total capital assets being depreciated	1,925,983.02	-	-	1,925,983.02
Less accumulated depreciation for:				
Buildings	781,452.30	39,058.12	-	820,510.42
Furniture, Fixtures & Equipment	293,594.19	4,536.43	-	298,130.62
Total capital assets being depreciated	1,075,046.49	43,594.55	0.00	1,118,641.04
Capital Assets, net	$1,085,986.53	$(43,594.55)	$ -	$1,042,391.98

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.

Depreciation expense for the year ended June 30, 2026 was $47,848.42.

Net Position

Net position may consist of the following:

1. Net investment in capital assets – This component of net assets 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 proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather that portion of debt is included in the same net assets component as the unspent proceeds.

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

3. Restricted for capital improvements – State law [G.S. 18B-805(d)] requires approval of the appointing authority to establish this account. As of June 30, 2026, no such account had been established.

4. Restricted for working capital - North Carolina Alcoholic Beverage Control Commission Rule .0902 defines working capital as the total of cash, investments and inventory less all unsecured liabilities. An ABC Board shall set its working capital requirements at not less than two weeks average gross sales of the last fiscal year nor greater than four months' average gross sales of the last fiscal year. Average gross sales means gross receipts from the sale of alcoholic beverages less distributions required by G.S. 18B-805(b), (2), (3) and (4).

5. Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of restricted or net investment in capital assets.

2. Stewardship, Compliance and Accountability

Noncompliance with N.C. General Statutes

At June 30, 2026 there were no instances of N.C. General Statutes.

3. Pension Plan Obligations

A. Local Government Employees' Retirement System

Plan Description. The City of Statesville ABC Board is a participating employer in the state wide 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, or 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, 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 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 increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The ABC Board

employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The ABC Board's contractually required contribution rate for the year ended June 30, 2026 was 12.6% for general employees, actuarially determined as an amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the ABC Board were $69,282 for the year ended June 30, 2026.

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, 2026, the Board reported a liability of $210,324 for its proportionate share of the net pension liability. The total pension liability was measured at June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2025 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset 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, 2026, the Board's proportion was 0.003% which represented no change from its proportion measured as of June 30, 2025.

For the year ended June 30, 2026, the Board recognized plan expense of $70,000.38. At June 30, 2026 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	48,832	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,963
Changes in proportion and difference between employer contributions and proportionate share of contributions	38,135	4,503
Employer contributions subsequent to measurement date	74,653	-

Amounts reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future Amortization

Year ended June 30,	
2026	58,462
2027	20,335
2028	5,085
2029	(7,382)
2030	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.25-8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment Expenses, 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, 2022 valuations were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2020.

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 white papers, 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, 2026 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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term 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 6.5%. 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 7.0 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	Current Discount Rate		
	1% Decrease 5.5%	6.5%	1% Increase 7.5%
Sensitivity of the net pension liability (asset) to changes in discount rate	381,735	200,214	51,009

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Financial Report (CAFR) for the State of North Carolina.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

The ABC Board administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the ABC Board's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the ABC Board are covered by the Separation Allowance. At June 30, 2026 and June 30, 2025 , there were no members receiving benefits.

A separate report was not issued for the Plan.

The Separation allowance has no assets accumulated in a trust that does not meet the following criteria which are outlined in GASB Statements 67 and 68:

Contributions to the pension plan and earnings on those contributions are irrevocable

Pension plan assets are dedicated to providing benefits to plan members

Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members

Summary of Significant Accounting Policies:

Basis of Accounting. The ABC Board has chosen to fund the Separation Allowance on a pay as you go basis. The financial statements of the ABC Board are prepared using the accrual basis of accounting. Benefits are recognized as expenses when due and payable in accordance with terms of the plan. Administration expenses are recognized as incurred.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due.

Contributions.

The ABC Board is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to pay benefits and administration costs on a pay as you go basis. For the current year, the ABC Board paid benefits of $0.00. There was no covered payroll. There were no contributions made to the plan by employees. The ABC Board's obligation to make these payments was established and may be amended by the North Carolina General Assembly.

The ABC Board has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

C. Section 401(k) Plan

The Board Maintains a retirement plan qualified under section 401(k) of the Internal Revenue Code for all eligible employees. The Board makes contributions of up to 5% of covered compensation. Contributions for the years ended June 30, 2026 and 2025 were $26,052.26 and $22,282.20, respectively.

D. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The ABC Board contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the ABC Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, NC 27699-1410, or by calling (919) 981-5454

Funding Policy. Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to 5% of each officer's salary and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. There were no required contributions for the years ended June 30, 2026 or June 30, 2025.

4. **Notes Payable**

The Board has a note payable with a bank secured by real estate. At June 30, 2026 the outstanding balance was $322,744.55. Bimonthly payments of principal and interest are $2,672.23. The note bears interest at a rate of 3.47% per annum. Maturity is August 22, 2030. Interest expense was $11,574.23.

Maturities are as follows:

	Principal	Interest
2027	$55,778.28	$ 8,355.24
2028	57,757.84	6,375.68
2029	59,807.66	4,325.86
2030	61,930.23	2,203.29
Beyond	30,696.46	282.25

5. **Vacation and Sick Leave Compensation**

The City of Statesville ABC Board employees may accumulate up to thirty days earned vacation and such leave is fully vested when earned. Accumulated earned vacation at June 30, 2026 was $78,077.18. The current portion of the accumulated vacation pay is not considered material.

6. **Distributions of Income**

The Board has made distributions as follows:

	Current Year	Since Inception
City of Statesville (40%)	$ 147,000.00	$ 7,681,144.00
Iredell-Statesville Schools (25%)	79,154.00	3,802,485.00
Mitchell Community College-Board of Trustees (25%)	79,154.00	3,802,485.00
Iredell Museums (10%)	31,661.00	1,518,998.00
City of Statesville (LBD)	22,997.00	1,000,520.00
	$ 359,966.00	$ 17,805,632.00

State law [G.S. 18B-805] requires that the minimum distributions 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. The Board has elected to increase working capital to fund anticipate significant repairs. The Board retained $252,081 in profits to meet this target.

7. **Law Enforcement and Alcohol Education Expenses**

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

Expenditure of Alcoholism funds distributed under G.S. 18B-805(b)(4) and G.S. 18B-805(c)(3) are to be spent for the treatment of alcoholism or substance abuse. G.S. 18B-805(h) requires that the minutes of the board of county commissioners or local board spending such funds shall describe the activity for which the funds are to be spent. Any agency or person receiving funds from the county commissioners or local board shall submit an annual report to the board or county commissioners or local board from which the funds were received, describing how the funds were spent.

	2026	2025
Profit Before Distributions	$ 736,899.22	$ 884,910.55
Less: 31/2% Tax and Bottle Charge	268,834.00	278,553.00
Profit Subject to Expense Percentage	468,065.22	606,357.55
Law Enforcement - Actual	24,852.00	31,500.00
(Percentage of Profit)	5.30%	5.20%
Provision for Alcohol Education	100,000.00	92,000.00
(Percentage of Profit)	21.36%	15.17%

8. **Disbursements of Taxes Included in Selling Price**

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

Taxes payable 7/01/23	$ 164,994.00
Taxes collected during the year	2,158,133.00
Taxes remitted to Department of Revenue	2,155,455.00
Taxes payable 6/30/24	$ 167,672.00

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

The accrued North Carolina excise tax at June 30, 2026 was remitted to the North Carolina Department of Revenue on July 14, 2026.

A bottle charge of one cent on each bottle containing 50 milliliters or less and five cents on each bottle containing more than 50 milliliters is collected and distributed monthly to the county commissioners for alcohol education and rehabilitation. For the fiscal year, payments to the county were based on the following bottle sales:

Regular Bottles	397,652 @ $0.05	$ 19,882.00
Mixed Beverage Bottles	33.085 @ $0.05	1,654.25
Miniature Bottles	322,451 @ $0.01	3,224.51
		$ 24,761.36

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 year was:

Department of Revenue (50%)	$ 62,646.75
Department of Human Resources (5%)	6,264.68
Profit Retained (45%)	56,382.08
Total	$125,293.50

10. **Surcharge Collected**

The total amount of Surcharge collected for the fiscal year was $55,786.00. The bailment surcharge rate was $1.15 per case.

11. The City of Statesville ABC Board operated with two retail outlets:

Store #1 – 311 South Center Street, Statesville, NC
Gross Sales $5,671,718 Change in Net Assets $50,319
Store #2 – 1312 Garner Bagnal Blvd., Statesville, NC
Gross Sales $3,891,216 Change in Net Assets $201,762

12. The City of Statesville 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 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 City of Statesville ABC Board's position on this requirement is as follows:

Minimum Amount	$ 283,348
Maximum Amount	1,841,764
Actual Amount	1,451,698

The Board has met the minimum amount of working capital.

13. **Liquor Sales Tax**

The total amount of sales tax collected by the ABC Board and remitted to the Department of Revenue for the fiscal year was $609,243.48. The current rate is 7%.

14. **Breakage Expense**

Breakage expense absorbed by the Board for the year was $0.00.

15. **Risk Management**

The City of Statesville 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 property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Board maintains surety bonds on all Board members, General Manager and Financial Officer in accordance with G.S. 18B-700(i). Each is covered against loss up to $50,000.

Required
Supplementary Information

City of Statesville ABC Board #120
ABC Board's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years
Local Government Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018
ABC Board's proportionate share of net pension liability (asset) %	0.003%	0.003%	0.003%	0.004%	0.003%	0.003%	0.003%	0.003%	0.004%
ABC Board's proportionate share of net pension liability (asset) $	200,214	220,107	212,071	201,963	56,591	111,534	83,839	73,306	53,625
ABC Board's covered employee payroll	453,748	507,195	470,996	433,639	336,310	370,083	352,740	340,106	377,758
ABC Board's proportionate share of net pension liability (asset) as a percentage of it covered payroll	44.12%	43.40%	45.03%	46.57%	16.83%	30.14%	23.77%	21.55%	14.20%
Plan fudiciary net position as a percentage of the total pension liability	88.85%	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%

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

City of Statesville ABC Board #120
ABC Board's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years
Local Government Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	65,521	69,536	61,041	52,904	47,105	43,010	35,506	26,970	28,332
Contributions in relation to contractually require contribution	65,521	69,282	61,041	54,133	47,105	43,010	35,506	31,261	28,484
Contribution deficiency (excess)	-	(254)	-	(1,229)	-	-	-	(4,290)	(153)
ABC Board's covered payroll	453,747	507,195	470,996	433,639	336,310	370,083	352,740	340,106	377,758
Contributions as a percentage of covered employee payroll	14.44%	13.66%	12.96%	12.48%	14.01%	11.62%	10.07%	9.19%	7.54%

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

City of Statesville ABC Board #120
Per Store Statements of Revenues, Expenses and Changes in Net Position
Information for the year ended June 30, 2026

	Store 1 311 S. Center	Store 2 1312 E Garner Bagnal	Total 2026	Total 2025
Operating Revenue				
Liquor Sales - Regular	$ 4,823,744.92	$ 3,887,881.85	$ 8,711,626.77	$ 8,991,448.14
Mixed Beverage Sales	844,203.00	-	844,203.00	897,592.63
Wine & Mixer Sales	3,770.10	3,334.22	7,104.32	6,421.59
Total Sales	5,671,718.02	3,891,216.07	9,562,934.09	9,895,462.36
Deduct Taxes	1,315,680.89	874,293.85	2,189,974.74	2,253,831.29
Deduct Cost of Goods Sold	2,970,641.41	2,121,542.33	5,092,183.74	5,243,017.16
Deduct Operating Expenses	862,327.27	694,018.04	1,556,345.31	1,530,923.05
Selling Profit/(Loss)	523,068.45	201,361.85	724,430.30	867,690.86
Interest Earned	12,068.92	-	12,068.92	17,219.69
Other Income	-	400.00	400.00	-
Non-Operating Revenue & Expenses	12,068.92	400.00	12,468.92	17,219.69
Change in Net Position Before Distributions	535,137.37	201,761.85	736,899.22	884,910.55
Deduct Law Enforcement	24,852.00	-	24,852.00	31,500.00
Alcohol Education	100,000.00	-	100,000.00	92,000.00
Change in Net Position before Profit Distributions	124,852.00	-	124,852.00	123,500.00
Profit Distributions				
City of Statesville	147,000.00	-	147,000.00	295,113.00
Iredell Statesville Schools	79,154.00	-	79,154.00	179,217.00
Mitchell Community College	79,154.00	-	79,154.00	179,217.00
Iredell Museums	31,661.00	-	31,661.00	71,686.00
City of Statesville - LBD	22,997.00	-	22,997.00	87,244.00
	359,966.00	-	359,966.00	812,477.00
Change in Net Position	$ 50,319.37	$ 201,761.85	$ 252,081.22	$ (51,066.45)

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

City of Statesville ABC Board
Schedule of Store Expenses
For the Fiscal Years Ended June 30, 2026 and June 30, 2025
Store #1

	2026	2025
Salaries & Wages	$ 456,764	$ 446,278
Payroll Tax Expense	38,294	37,567
Retirement & 401(k)Contributions	58,482	58,606
Insurance	69,123	102,277
Direct Deposit Fees	1,794	1,765
Repairs & Maintenance	39,327	36,630
Utilities	18,838	19,149
Uniforms	860	-
Store Supplies	17,348	15,414
Credit Card Expense	63,621	68,514
Bank Charges	3,538	2,465
Travel & Meetings	-	13,151
Training	13,602	-
Vehicle Expense	7,224	2,564
Office & Postage	8,799	11,129
Maintenance Agreements	16,799	21,806
Miscellaneous	(53)	35
Professional Fees	12,807	14,586
Dues & Subscriptions	2,409	3,735
Board Travel Expenses	-	-
Alarm Service	-	-
Total Store Expenses	$ 829,576	$ 855,670

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

City of Statesville ABC Board
Schedule of Store Expenses
For the Fiscal Years Ended June 30, 2026 and June 30, 2025
Store #2

	2026	2025
Salaries & Wages	$ 381,919	$ 376,932
Payroll Tax Expense	26,279	25,866
Retirement & 401(k) Contributions	37,570	44,559
Insurance	66,732	42,309
Interest Expense	11,574	13,267
Repairs & Maintenance	60,351	18,830
Utilities	15,329	13,231
Uniforms	242	-
Store Supplies	10,169	9,481
Credit Card Expense	39,914	47,818
Travel & Meetings	7	354
Office & Postage	409	2,192
Maintenance Agreements	14,617	13,666
Professional Fees	2,137	854
Dues & Subscriptions	-	-
Alarm Service	-	-
Total Store Expenses	$ 667,250	$ 609,360

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

City of Statesville ABC Board
Schedule of Store Expenses
For the Fiscal Years Ended June 30, 2026 and June 30, 2025
Total All Stores

	2026	2025
Salaries & Wages	$ 838,683	$ 823,210
Payroll Tax Expense	64,573	63,433
Retirement Contributions	96,053	103,165
Insurance	135,855	144,586
Interest Expense	11,574	13,267
Direct Deposit Fees	1,794	1,765
Repairs & Maintenance	99,678	55,460
Utilities	34,167	32,380
Uniforms	1,103	-
Store Supplies	27,517	24,895
Credit Card Expense	103,534	116,332
Bank Charges	3,538	2,465
Travel & Meetings	7	13,505
Training	13,602	-
Vehicle Expense	7,224	2,564
Office & Postage	9,209	13,321
Maintenance Agreements	31,415	35,472
Miscellaneous	(53)	35
Professional Fees	14,944	15,440
Dues & Subscriptions	2,409	3,735
Board Travel Expenses	-	-
Alarm Service	-	-
	$ 1,496,826	$ 1,465,030

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

City of Statesville ABC Board
Schedule of Administrative Expenses
For the years Ended June 30, 2026 and 2025

	2026	2025
Board Salaries	$ 5,400	$ 5,400
Board Travel	10,824	12,686
Totals	$ 16,224	$ 18,086

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

City of Statesville ABC Board
Schedule of Distribution of Profits
For the year ended June 30, 2026

Distribution	Recipient	Amount	Date	Restriction
Law Enforcement	Various	24,852	Various	LEO Expense
Alcohol Education	Various	100,000	Various	Substance Abuse Education
City of Statesville	City of Statesville	27,181	Sep-25	None
	City of Statesville	33,401	Dec-25	None
	City of Statesville	27,203	Mar-26	None
	City of Statesville	82,212	Jun-26	None
Iredell-Statesville Schools	I/S Schools	13,024	Sep-25	None
	I/S Schools	15,982	Dec-25	None
	I/S Schools	11,486	Mar-26	None
	I/S Schools	38,662	Jun-26	None
Mitchell Community College	MCC	13,024	Sep-25	None
	MCC	15,982	Dec-25	None
	MCC	11,486	Mar-26	None
	MCC	38,662	Jun-26	None
Iredell Museums	Iredell Museums	5,210	Sep-25	None
	Iredell Museums	6,393	Dec-25	None
	Iredell Museums	4,594	Mar-26	None
	Iredell Museums	15,464	Jun-26	None

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

City of Statesville ABC Board
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2026

	2026 Original Budget	2026 Revised Budget	2026 Actual	Variance Positive (Negative)
Revenues:				
Operating Revenues:				
Liquor Sales - Regular		$ 8,711,627	$ 8,711,627	-
Mixed Beverage Sales		844,203	844,203	-
Wine/Mixer Sales		7,104	7,104	-
Total	$ 9,924,227	$ 9,562,934	$ 9,562,934	-
Non-Operating Revenues:				
Interest	-	12,069	12,069	-
Other	31,781	400	400	-
Total	31,781	12,469	12,469	-
Total Revenues	9,956,008	9,575,403	9,575,403	-
Expenditures				
Taxes Based on Revenue				
State Excise Tax		2,095,526	2,095,526	-
Mixed Beverage Tax (Revenue)		62,849	62,849	-
Mixed Beverage Tax (Human Resources)		6,265	6,265	-
Rehabilitation Tax		24,133	24,133	-
Wine/Mixer Sales Tax		1,202	1,202	-
Total	2,261,107	2,189,975	2,189,975	-
Cost of Goods Sold	5,250,910	5,092,184	5,092,184	-
Operating Expenses				
Salaries & Benefits	1,217,524	999,309	999,309	-
Board Member Expenses	5,400	16,224	16,224	-
Utilities	34,690	34,167	34,167	-
Repair & Maintenance	81,996	99,678	99,678	-
Office/Store Supplies	76,363	36,726	36,726	-
Insurance	33,682	135,855	135,855	-
Travel, Training & Conferences	42,353	13,609	13,609	-
Professional Fees & Contracts	65,496	46,359	46,359	-
Credit Card & Bank Service Charges	115,356	107,072	107,072	-
Contingencies/Other	1,992	12,477	12,477	-
Total	1,674,852	1,501,476	1,501,476	-
Capital Outlay				
Replacements	13,800	-	-	-
Board Designated Funds	20,000	-	-	-
Capital Outlay from Administrative Reserve	(33,800)	-	-	-
	-	-	-	-
Debt Service				
Principal Payments on Store 2 Note & LOC	53,100	56,774	56,774	-
Interest Payments	16,500	11,574	11,574	-

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

City of Statesville ABC Board
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2026

	2026 Original Budget	2026 Revised Budget	2026 Actual	Variance Positive (Negative)
	69,600	68,348	68,348	-
Total Expenditures	9,256,469	8,851,983	8,851,983	-
Distributions:				
Law Enforcement	33,562	24,852	24,852	-
Alcohol Education & Rehab	92,000	100,000	100,000	-
Profit Distributions	615,998	359,966	359,966	
City of Statesville	-	-	-	-
Iredell - Statesville Schools	-	-	-	-
Mitchell Community College	-	-	-	-
Iredell Museums	-	-	-	-
Total	741,560	484,818	484,818	-
Total Expenditures & Distributions	9,998,029	9,336,801	9,336,801	-
Revenues over Expenditures	(42,021)	238,602	238,602	-
Other Financing (uses):				
Working Capital Retained Unrestricted Funds	(42,021)	224,082	224,082	-
Total	(42,021)	224,082	224,082	-
Revenues over Expenditures and Other Financing (uses)	-	-	14,520	-

Reconciliation from Budgetary Basis (modified accrual) to Full Accrual:

Depreciation	43,294
Decrease in Deferred Pension Outflows	(680)
Decrease In Deferred Pension Inflows	(3,934)
Decrease in Net Pension Liability	9,783
Increase in Compensated Absences	1,971
Other	(21,394)
Total	29,040
Change in Net assets	$ (14,520)

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