

REQUEST FROM THE PITTSBORO, NC ABC BOARD FOR APPROVAL TO RETAIN SIXTY PERCENT OF WORKING CAPITAL ACCUMULATED BEYOND THE AMOUNT THAT CAN BE RETAINED BY THE ABC BOARD WITHOUT THE APPROVAL OF THE APPOINTING AUTHORITY AND DISTRIBUTE FORTY PERCENT TO THE TOWN OF PITTSBORO. THE RETAINED WORKING CAPITAL WILL BE USED TO FUND FUTURE GROWTH NEEDS OF THE PITTSBORO, NC ABC BOARD.

OVER THE LAST FEW YEARS, THE ABC BOARD HAS MADE THE REQUIRED MINIMUM DISTRIBUTIONS TO THE TOWN AND THEN ADDITIONAL DISTRIBUTIONS BEYOND THAT. HOWEVER, AT THE END OF THE 2014/2015 FISCAL YEAR, WE ACCUMULATED WORKING CAPITAL BEYOND THE MAXIMUM ALLOWED TO BE RETAINED BY THE ABC BOARD WITHOUT APPROVAL FROM THE APPOINTING AUTHORITY. THE WORKING CAPITAL WAS ACCRUED OVER THE COURSE OF THE FISCAL YEAR

WORKING CAPITAL IS MADE UP OF CASH AND INVESTMENTS AND INVENTORY. ABOUT ONE THIRD OF OUR WORKING CAPITAL IS INVENTORY. OUR AUDITOR TELLS US THAT IS ABOUT AVERAGE.

WORKING CAPITAL IS COMPUTED BY TAKING GROSS SALES MINUS CERTAIN TAXES. MINIMUM WORKING CAPITAL IS TWO WEEKS AVERAGE OF THIS COMPUTATION AND MAXIMUM WORKING CAPITAL IS FOUR MONTHS OF THIS COMPUTATION.

ON SEPTEMBER 28, 2015, I CAME TO THE PITTSBORO BOARD OF COMMISSIONERS AND REQUESTED APPROVAL TO RETAIN 60 PERCENT AND DISTRIBUTE 40 PERCENT OF THE WORKING CAPITAL BEYOND WHAT IS ALLOWED WITHOUT APPROVAL FROM THE APPOINTING AUTHORITY.

THE FOLLOWING IS FROM THE MINUTES OF THE BOARD OF COMMISSIONERS MEETING OF SEPTEMBER 28, 2016:

“MR. JIM NASS, CHAIRMAN, PITTSBORO ABC BOARD WAS BEFORE THE BOARD REQUESTING THAT THEY BE ALLOWED TO KEEP 60%

OF EXCESS WORKING CAPITAL FOR FUNDING GROWTH OF THE ABC STORE(S) AND TO FUND THE ADMINISTRATIVE SPACE INTO RETAIL SPACE TO FACILITATE ADDITIONAL SALES.

MR. NASS STATED:

REVENUES ARE UP 11.4% OPERATING COST ARE UP 4% REVENUE TO THE TOWN IS UP 49.7%

MR. NASS PRESENTED MAYOR TERRY WITH A CHECK IN THE AMOUNT OF \$38,453.

MOTION MADE BY COMMISSIONER FOLEY SECONDED BY COMMISSIONER FIOCCO TO APPROVE THE REQUEST FROM THE PITTSBORO ABC BOARD TO RETAIN 60% OF EXCESS WORKING CAPITAL AND DISTRIBUTE 40% OF WORKING CAPITAL TO THE TOWN OF PITTSBORO, AND THAT THEY MAKE THE REQUEST ANNUALLY.

VOTE AYE-5 NAY-0”

IN ACCORDANCE WITH THE ABOVE, THE PITTSBORO, NC ABC BOARD IS RENEWING OUR REQUEST TO RETAIN 60% AND DISTRIBUTE 40% OF WORKING CAPITAL BEYOND THAT ALLOWED WITHOUT APPROVAL FROM THE APPOINTING AUTHORITY.

FOR THE 2014/15 FISCAL YEAR, WE WERE \$80,728 OVER THE MAXIMUM AMOUNT THAT WE COULD RETAIN.

DUE TO INCREASED SALES AND OPERATING EFFICIENCIES, FOR THE 2015/16 FISCAL YEAR WE ARE OVER THE MAXIMUM AMOUNT THAT CAN BE RETAINED WITHOUT APPROVAL FROM THE APPOINTING AUTHORITY BY \$114,348. THEREFORE, WE ARE ASKING THAT THE PITTSBORO, NC ABC BOARD BE ALLOWED TO RETAIN SIXTY –PERCENT OR \$68,608 TO FUND FUTURE GROWTH NEEDS AND DISTRIBUTE FORTY PERCENT OR \$45,740 TO THE TOWN OF PITTSBORO.

THESE RETAINED FUNDS WILL BE SET ASIDE TO MEET THE NEEDS OF THE PITTSBORO ABC BOARD DUE TO GROWTH.

IN TRYING TO PLAN FOR THE FUTURE, THE ABC BOARD HAS BEEN CONSIDERING WHAT THE FUTURE NEEDS WILL BE, WHEN THEY WILL BE NEEDED, AND HOW MUCH MEETING THOSE NEEDS WILL COST. WE HAVE BEEN PARTICULARLY CONCERNED WITH HOW MEETING THESE NEEDS WILL BE PAID FOR. WE HAVE CONCLUDED THAT THE BEST WAY TO PAY FOR MEETING THESE NEEDS IS TO SEEK YEARLY APPROVAL FROM THE PITTSBORO BOARD OF COMMISSIONERS TO RETAIN SIXTY% OF WORKING CAPITAL OVER THE MAXIMUM ALLOWED AND TO DISTRIBUTE FORTY% TO THE TOWN OF PITTSBORO.

WHILE WE CANNOT PREDICT WITH CERTAINTY THE AMOUNT WE WILL HAVE IN WORKING CAPITAL OVER THE MAXIMUM IN THE FUTURE, WE ARE CONFIDENT THAT THE AMOUNT WILL BE SUFFICIENT TO ALLOW US TO FUND OUR REQUIREMENTS. IN THAT REGARD, WE ENVISION THREE STORES IN PITTSBORO INCLUDING A DOWNTOWN STORE. WE BELIEVE ONE NEW STORE WILL BE NEEDED IN THE 5 TO 8 YEAR TIME FRAME AND ANOTHER IN THE 20 TO 25 YEAR TIME FRAME. IN ADDITION, IT IS LIKEY THAT WE WILL NEED TO RELOCATE THE CURRENT STORE TO ANOTHER DOWNTOWN LOCATION DURING THIS TIME PERIOD. THE ABC BOARD BELIEVES THAT THE PROCEEDS FROM THE SALE OF THE CURRENT LOCATION WILL HELP FUND THE COSTS ASSOCIATED WITH RELOCATION.

JIM NASS, CHAIR
PITTSBORO, NC ABC BOARD