



To: Mecklenburg County Board of Alcohol Beverage Control

From: Jason Hughes, CEO

Re: Budget for the fiscal year 2019

### **BUDGET MESSAGE**

We have a responsibility to present a balanced budget for fiscal year 2019 to our Board Members and citizens of Mecklenburg County. The annual budget for the fiscal year July 1, 2018 through June 30, 2019 has been prepared in accordance with North Carolina General Statute 18B-702.

The budget was prepared to focus on operating effectiveness, public safety, public health, and customer service in order to generate profits to be returned to our local community benefitting our county and city governments, libraries, law enforcement and alcohol education programs.

### **Projected key numbers for 2019 Budget:**

Total revenues are estimated to be	\$170,500,000
Taxes from sales	\$41,602,000
Cost of goods sold	\$85,932,000
Operating expenses (Inc. Est. Depreciation + OPEB)	\$19,127,730
Net income before distribution	\$23,838,270

### **Budget Revenues, Appropriations and Capital Outlay:**

#### **Revenues:**

- Retail sales are projected to increase by approx. 4.8% over projected FY18, while Mixed Beverage Sales are projected to increase by approx. 5.3% for a blended overall increase of 5.0%

#### **Appropriations:**

- Distributions to Mecklenburg County, City of Charlotte, and Charlotte Mecklenburg Libraries are budgeted to increase by 5% to a total of \$11,291,177. With the second year of the FY18 multi-year grant combined with this year's recommendation, distributions to our alcohol education grant partners are budgeted for a distribution of \$1,600,000.
- Distributions to Anuvia Prevention and Rehabilitation are budgeted with a \$100,000 increase over FY18 to help defray startup costs of new program targeting those with an Opioid addiction.
- Merit wage increases of 3.50% for full-time associates, 2.0% increase for qualifying part-time associates, continued increases to ensure associates have an opportunity to be paid at a market rate within 5 yrs. of employment (or new assignment), combined with the addition of two more retail locations, wages are projected to increase by 6.5% over current fiscal year budget.

**Capital Outlay:**

Included in this budget is construction of a store on the land in Waverly development on Providence Rd, purchase of land and building located on Windsor Square as well as renovation of this building for ABC operations. In addition to this, the budget also includes the beginning phases of constructing a store in Huntersville on the recently purchased land for relocating a store at the end of its lease. This budget also includes the first phases of the major overhaul and addition to our Graham Street location. This budget also includes an appropriation for the replacement of the parking lot at its headquarters as well as modernizing the original service elevator. Technology improvements at our stores also addressed within this budget.

**Working capital:**

The Board is required to maintain working capital at no less than two weeks' average gross sales of the latest fiscal year and no greater than two months' average gross sales of the latest fiscal year.

As of March 31, 2018 this Board's working capital is calculated to be:

Minimum working capital	\$4,745,759
Maximum working capital	\$20,564,956
Actual working capital	\$20,427,608

The Board has no debt and does not plan to incur any debt.

**Personnel Summary:**

The following full time associate positions are budgeted for the fiscal year 2019.

Stores	101
Warehouse	8
Admin	10
Law Enforcement	17 (including 1 LE admin administrator)
Community Outreach	1

In addition to these full time positions, the Board employs a number of part-time associates.

The Board will hold a public hearing for the budget at noon on Tuesday, June 20, 2018 at the Mecklenburg County ABC headquarters located at 3333 N. Tryon Street, Charlotte.

Respectfully,

Jason Hughes  
Chief Executive Officer