

To: Mecklenburg County Board of Alcohol Beverage Control

From: Jason Hughes, CEO

Re: Budget for the fiscal year 2020



BUDGET MESSAGE

We have a responsibility to present a balanced budget for fiscal year 2020 to our Board Members and citizens of Mecklenburg County. The annual budget for the fiscal year July 1, 2019 through June 30, 2020 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 2020 Budget:

Total revenues are estimated to be	\$188,220,000
Taxes from sales	\$45,872,000
Cost of goods sold	\$94,752,000
Operating expenses (Inc. Est. Depreciation + OPEB)	\$20,959,300
Net income before distribution	\$26,416,700

Budget Revenues, Appropriations and Capital Outlay:

Revenues:

- Retail sales are projected to increase by approx. 5.0% over projected FY19, while Mixed Beverage Sales are projected to increase by approx. 5.0% 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 \$11,855,736. With the second year of the FY19 multi-year grant combined with this year's recommendation, distributions to our alcohol education grant partners are budgeted for a distribution of \$1,503,938.
- Distributions to Anuvia Prevention and Rehabilitation are budgeted with a commitment this year for \$100,000 towards their Medical Assisted Treatment program and \$75,000 towards their collaboration with Alexander Youth Network. Recommended also is ending of the \$50,000 matching of new funding, as well as reducing the commitment for reimbursement for building upkeep to \$25,000.
- Wages are projected to increase by 12.2% over current fiscal year budget due to the following factors:
 - Merit Increases of an average of 3.75% for full time and 2.0% for part time associates
 - Change in Board policy of giving associates opportunity to reach market rate from 5 yrs. to 4 yrs. from employment or current position date.
 - Two additional stores coming online
 - Transitioning some store security to 14 reserve officers from CMPD/MCSO contracted officers
 - Addition of new positions: LE Officer, Store Security IT, two additional warehouse associates

Capital Outlay:

Included in this budget is the major overhaul and addition to our Graham Street location, the upfit of the newly leased location in Matthews, constructing a store in Huntersville on the purchased land for relocating a store at the end of its lease, as well as the development and construction of a new store on the recently purchased land at MoRA Point. This budget also includes an appropriation for the replacement of the parking lot at its headquarters as well as redesigning the Board's website. Technology improvements at our stores and headquarters are 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 April 30, 2019 this Board's working capital is calculated to be:

Minimum working capital	\$5,187,352
Maximum working capital	\$22,478,524
Actual working capital	\$19,820,592

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 2020.

Stores	98
Warehouse	10
Admin	10
Law Enforcement	19 (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 18, 2019 at the Mecklenburg County ABC headquarters located at 3333 N. Tryon Street, Charlotte.

Respectfully,



Jason Hughes
Chief Executive Officer