CUMBERLAND COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD

Budget for the fiscal year 2024 — 2025

May 30, 2024

RE: BUDGET MESSAGE

To: The Cumberland County ABC Board

The Annual Budget for the fiscal year July 1, 2024 - June 30, 2025 (FY25) has been prepared per the North Carolina General Statute 18B-702 "Financial operations of the local board". The ABC Board determines, through the adoption of an annual budget, the level of customer services that the ABC system will provide and the resources available for operations and capital projects.

Factors contributing to the preparation of this budget include the projected revenue, taxes, cost of goods sold, operating expenses, non-operating revenue (expenses), capital improvements, and distributions.

Projected operating revenues reflect a proposed average sales decrease of 3.97% over FY24 sales. The budget consists ofprojected revenues of $60.5 million from liquor sales, $21 ,000 from other incomes, taxes related to liquor income of $14.1 million, cost of sales of $31.5 million, operating expenses costs of $8 million, and income distribution of $7 million.

Highlights of the Budget: Key elements include:

n The assumption was that no debt will be incurred; all expenses will be funded through cash. Listed below are the planned capital projects for FY25.

* Purchase Gravity Flow Storage Racks at one store - $ 12K.
* Replace entrance/exit doors at one store - $7.5K.
* New store construction - $425K o Renovate restroom and office at one store - $7.5K o Replace ABC building signs at one store - $15K o New forklift for the warehouse - $50K

 A cost-of-living increase in employees' pay will be granted if revenues are available. The Board adopted a policy on October 13, 2003, that the employees are given at least what the County gives for COLA to their employees, we are budgeting 5%.

* Merit wage increases shall be considered for employees based on meritorious work performance.

 Longevity pay will be given in December to eligible employees with at least 3 years of service.

The Board's Budget Process: The Board's first budget was presented in FY 2003 - 04. The budget is prepared by the General Manager with the proposed budget being presented to the Board in May. The final budget is presented for approval at the June Board meeting.

The Board does not have any outstanding debt.

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Priorities and Assumptions:

 The Board has hired Alcohol Law Enforcement officers as authorized under NC GS 18B-501 (t).  Alcohol Education: Cumberland County ABC Board must contribute of the net profit remaining after the required distribution in NC GS

* 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 three months' average gross sales of the latest fiscal year. Gross sales mean gross receipts from the sales of alcoholic beverages less distributions as defined in GS and (4)."
* As of March 31, 2024, the Board's Working Capital is calculated to be:

 Minimum working capital $1,754,252

 Maximum working capital $11,402,637

* The actual Working Capital as of 03/31/2024 was $6,100,000. The Board voted on 02/13/2023 to adopt $6, 100,000 as the minimum amount to maintain for Working Capital.
* Profit distributions to the County are paid quarterly.

Staffing Summary:

The Board has authorized a total of 61 full-time positions and 37 part-time positions. All positions are allocated by the department as follows:

Retail and Liquor-By-the-Drink Permit ABC Store Employees 76

Warehouse Employees 12

General & Administrative Employees 6 Law Enforcement 4

Conclusion:

The budget reflects the Board's commitment to fulfilling its mission based on known information.



David Horne

General Manager

Attached: Final Budget for the Fiscal Year 2024 2025.