

NEW HANOVER COUNTY
ALCOHOLIC BEVERAGE CONTROL BOARD

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May 18, 2023

RE: Budget Message

Dear Members of the Board:

I am pleased to present New Hanover County ABC Board's Proposed Budget Document for the fiscal year July 1, 2023 through June 30, 2024 (FY23/24) for your review.

This budget has been prepared in accordance with North Carolina General Statute 18B-702 "Financial operations of local ABC boards" and related information provided by the NC ABC Commission. The ABC Board determines, through adoption of an annual budget, the level of customer service that the ABC system will provide, the resources available for operations, and the resources available for capital projects.

The budget was prepared to focus on operating effectiveness, public safety, public health and customer service in order to fund capital improvements and generate profits to be returned to our local community through distributions to our county, city and town governments, law enforcement and alcohol education programs during fiscal year 23/24.

Revenues: The New Hanover County ABC Board continues to improve its revenue position through increased sales. The budget consists of projected revenues of \$76,310,000 from liquor sales, mixed beverage surcharges, wine/mixer sales, interest income and miscellaneous receipts, which is an increase of \$8,303,800 over last year.

The Board's Budget Process: The budget process was started immediately after the 3rd quarter financial statements were finalized. The Proposed Budget Document is attached, and will be released to the Board today. Notice will be made to both, the media and the public, and copies of the document will be available for review at the Boards Main Office. A Public Hearing must be scheduled no earlier than 10 days from today. **It was decided to hold the Public Hearing immediately prior to the regular Board meeting which is scheduled for June 15, 2023 at 9:00am at the Boards Main Office, 6009 Market Street, Wilmington, NC.** Copies must be sent to both the County Commissioners and the NC ABC Commission. It will also be published on the Board's website. **This must occur by June 1st.** The Board may approve the Budget Ordinance (Budget and Budget Message) at that time. The Budget must be adopted by **July 1st.**

Highlights of the Budget: Key elements include:

- Employee Cost-of-living pay increases are budgeted at 2.27 %. Employee pay increases are budgeted at 3% and will be based on merit (as a result of performance reviews).
- Alcohol law enforcement distributions are relatively level to assist in controlling the alcohol-related issues within the County and support operations.

- Capital Projects are a 3rd Stage of Racking System for the Warehouse at \$20,000.
- Customer Service Initiatives:
 - Website Updated at \$26,000
 - 2 Handheld/Tablet POS Line Buster at \$9,700
 - Digital Signage at Store #105 and #106 at \$5,000.
- Quarterly Profit Distributions to beneficiaries were budgeted at \$4,200,000.

Goal: Our goal is to continuously enhance the level of customer service for both retail customers and mixed beverage permit holders (Liqueur By the Drink customers) and to generate profits to be returned to our local community through distributions to our county, city and town governments, law enforcement and alcohol education programs.

Fiscal Policy: There are no major changes in fiscal policy.

Debt: The Board does not have any debt at this time and does not plan to incur any debt.

Priorities and Assumptions:

- The Board's primary source of revenue is through the sale of spirituous beverages. A key assumption is the amount of expected sales growth. Revenue projections are calculated using expected sales growth combined with historic sales figures.
- The Board's books and records are maintained based on the Enterprise method of accounting. This is different than the Fund method of accounting used by most government entities.
- Depreciation and the cost of post-employment benefits are a part of the Board's annual financial statements; however, these expenses are not reflected in the modified-cash budget. Projected cash outlays for Capital Expenditures are reflected in the budget.
- The Board contracts primarily with the New Hanover County Sheriff's Department for Law Enforcement, with a contract of \$378,000. The Board will continue to provide Law Enforcement Grants, for alcohol related Law Enforcement, with a total amount of up to \$150,000. These grants will be offered to the New Hanover County Sheriff's Department, City of Wilmington Police Department, Wrightsville Beach Police Department, Carolina Beach Police Department and the Town of Kure Beach Police Department.
- The Board will continue to contract with New Hanover County for Legal Counsel.

Staffing Summary:

The Board has 53 full-time and 22 part-time for a total of 75 employees and are distributed within the departments of the Board.

Conclusion:

The Proposed Budget Document reflects the Board's commitment to fulfill its mission. The budget projections are based on prior year actuals and historical trends.

Charles Hill
General Manager

Attached: Proposed Budget Document for Fiscal Year 2023/2024