

NEW HANOVER COUNTY
ALCOHOLIC BEVERAGE CONTROL BOARD

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ROBERT MARTENIS, Vice Chair
WILLIAM KOPP, Member
MARNINA QUEEN, Chief Executive Officer

May 15, 2019

RE: Budget Message

Dear Members of the Board:

I am pleased to this present New Hanover County ABC Board Proposed Budget Document for the fiscal year July 1, 2019 through June 30, 2020 (FY19/20) 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 19/20.

Revenues: The New Hanover County ABC Board continues to improve its revenue position through increased sales. The budget consists of projected revenues from liquor sales, mixed beverage surcharges, wine/mixer sales, interest income and miscellaneous receipts of \$46,914,347 which is an increase of \$2,899,347 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 19, 2019 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 pay increases will be based on merit (as a result of performance reviews) at 3.0% to match ABC Boards of comparable size state wide and New Hanover County.
- Alcohol law enforcement distributions are relatively level to assist in controlling the alcohol-related issues within the County. Two new vehicles have been budgeted at \$65K for both to include a requested four-wheel drive vehicle.
- Capital Projects are included for the Warehouse roof repair and interior lighting, a new 26' Warehouse Truck due to age of current, and equipment needed at all store locations.
- The New Hanover County ABC Board will implement an Alcohol Education Grant/Scholarship program within the year regarding alcohol education within our community – total amount \$100,000.

Goal: Our goal is to continuously enhance the level of customer service for both retail customers and mixed beverage permit holders (LBD 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; however, the Board renewed its law enforcement contract with the City of Wilmington Police Department for additional coverage.

Staffing Summary:

The Board has 57 full-time and 23 part-time employees; the employees are distributed within the departments as follows:

Store Employees	63
Warehouse Staff	11
Executive Staff	<u>6</u>
Total	80

Conclusion:

The Proposed Budget Document reflects the Board's commitment to fulfill its mission based on known information.

A handwritten signature in black ink, appearing to read "Marnina Queen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Marnina Queen
Chief Executive Officer

Attached: Proposed Budget Document for Fiscal Year 2019/2020