

MOORESVILLE ALCOHOLIC BEVERAGE CONTROL BOARD
Budget for the fiscal year 2011/2012

June 1, 2011

RE: BUDGET MESSAGE

To the Mooresville ABC Board

The Annual Budget for the fiscal year July 1, 2011 through June 30, 2012 (FY11/12) has been prepared in accordance with anticipated changes to North Carolina General Statute 18B-702 "Financial operations of local boards." The ABC Board determines, through 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.

The primary drivers during the preparation of this budget included projected operating costs required to sustain acceptable levels of customer service during fiscal year 11/12; and the need for revenues sufficient to fund capital improvements as well as to provide distributions to beneficiaries.

Projected operating revenues reflect a proposed average sales decrease of less than 1.00%.

The budget consists of projected revenues from liquor sales and other receipts of \$7,046,585, taxes related to income of \$1,647,636, cost of sales of \$3,862,363, operating expenses costs of \$1,019,596, and income distributions of \$624,117.

Highlights of the Budget: Key elements include:

- Only modest sales decreases are projected because of the uncertainty of the economy.
- The assumption was that no additional debt will be obtained; only 12 monthly payments will be made.
- There will be no capital improvements
- Pay increases will not be granted.

The Board's Budget Process: This is the first year of the Board's budget process. It is anticipated that a budget calendar will be created for future years.

Debt: The Board does have debt at this time; there is no anticipation of incurring any additional debt during the budget year.

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 decline. Revenue projections are calculated using expected sales growth or decline combined with historic sales figures.
- The Board's books and records are maintained based on the Enterprise method of accounting, which is different than the Fund method of accounting used by many government entities.

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Priorities and Assumptions(continued):

- NC ABC Commission Rules (4 NCAC 2R.0902) define “working capital” as “the total cash, investments and inventory less all unsecured liabilities.” Also, “a local Board shall set its Working Capital requirements at not less than two week’s average gross sales of the latest fiscal year nor greater than four month’s average gross sales of the latest fiscal year. Gross sales means gross receipts from the sales of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3),and (4).”
 - For the period July 1, 2010 through March 31, 2011,
 - Minimum – two week’s average gross sales for the current fiscal year equals \$153,794.
 - Maximum – four week’s average gross sales for the current fiscal year equals \$1,332,885.
 - Actual Working Capital as of 3/31/2011 was \$1,208,796.
 - In addition to providing for operating expenses and distributions, and Board must retain a level sufficient to “seed” future capital improvement and expansion cost.

Staffing Summary:

The Board has authorized a total of four full-time and 27 part-time positions.

Recommendations for Future Budget Considerations:

- Establish a budget calendar for creation of the annual budget.
- Create a ten-year operation/strategic plan to determine future financial requirements of this Board.
- Develop financial performance standards specifically for this entity.
- Establish a fixed percentage of net income (after required distributions) that the Board needs to ensure adequate assets for future expansion and improvements.

Conclusion:

The budget reflects the Board’s commitment to fulfill its mission based on known information.



K. Michael Deaton
Budget Officer

Attached: Proposed Budget Ordinance for Fiscal Year 2010/2011.
Supplemental Information

**BUDGET ORDINANCE
MOORESVILLE ABC BOARD
2011 - 2012**

BE IT ORDAINED by the Mooresville ABC Board, of Iredell County, North Carolina, that the following ordinance establishing revenues and setting expense appropriations is hereby adopted and effective July 1, 2011, through June 30, 2012.

Section 1. Estimated Revenues. It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2011 and ending June 30, 2012 to meet the operational and functional appropriations as set forth in Section 2, in accordance with the chart of accounts prescribed by the state ABC Commission.

Estimated Revenues:

Sales	\$ 7,023,883
Other Income	22,702
<i>Total</i>	<u>7,046,585</u>

Appropriations:

Taxes Based on Revenue	<u>\$ 1,647,636</u>
Cost of Sales	<u>\$ 3,862,363</u>

<i>Operating Expenses:</i>	Store(s)	Administration	Total
Salaries and Benefits	<u>\$ 547,243</u>	<u>\$ 204,567</u>	<u>\$ 751,810</u>
Board Member Per Diem	<u>--</u>	<u>8,400</u>	<u>8,400</u>
Board Member Travel	<u>--</u>	<u>--</u>	<u>--</u>
Unemployment Insurance	<u>11,626</u>	<u>--</u>	<u>11,626</u>
Rent	<u>--</u>	<u>--</u>	<u>--</u>
Repairs & Maintenance-Buildings	<u>15,000</u>	<u>--</u>	<u>15,000</u>

**BUDGET ORDINANCE
MOORESVILLE ABC BOARD
2011 - 2012**

<i>Operating Expenses:</i>	<u>Store(s)</u>	<u>Administration</u>	<u>Total</u>
Utilities	\$ --	\$ 32,000	\$ 32,000
Telephone	--	13,000	13,000
Insurance -- General & Bonds	--	15,092	15,092
Store Supplies	25,000	--	25,000
Uniforms	--	--	--
Employee Travel	--	--	--
Licenses & Taxes	--	40	40
Delivery	--	--	--
Office Supplies	--	8,000	8,000
Janitorial Services	--	--	--
Postage	--	696	696
Professional Fees	--	19,110	19,110
Dues & Subscriptions	--	1,585	1,585
Bank fees	--	2,841	2,841
Credit Card Processing Fees	100,000	--	100,000
Travel and Conventions	--	6,896	6,896
Other-Outside Labor	8,500	--	8,500
Total	\$ 707,369	\$ 312,227	\$ 1,019,596
 <i>Capital Outlay:</i>			
(define)	\$ --	\$ --	\$ --
Total	--	--	--
 <i>Debt Service/Lease:</i>			
Notes payable	\$ 71,258	\$ --	\$ 71,258
Total	\$ 71,258	--	\$ 71,258

**BUDGET ORDINANCE
MOORESVILLE ABC BOARD
2011 - 2012**

Distributions:

Law Enforcement	<u>\$ 24,117</u>	<u>\$ --</u>	<u>\$ 24,117</u>
Alcohol Education & Rehab	<u>--</u>	<u>--</u>	<u>--</u>
County/Municipality	<u>600,000</u>	<u>--</u>	<u>600,000</u>
Other Distributions	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 624,117</u>	<u>\$ --</u>	<u>\$ 624,117</u>

Excess (deficit) of Estimated Revenues over Appropriations	<u>\$ (178,385)</u>
Estimated Fund Balance - Beginning of Fiscal year 2011	<u>3,061,263</u>
Estimated Fund Balance - End of Fiscal year 2011	<u>\$ 2,882,878</u>

Section 3. Copies of this Budget Ordinance shall be furnished to the Town of Mooresville, the state ABC Commission, and to the Budget Officer and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted by the Mooresville ABC Board this 19 day of May 2011.