

**MOORESVILLE ALCOHOLIC BEVERAGE CONTROL BOARD**  
**Budget for the fiscal year 2016/2017**

June 1, 2016

**RE: BUDGET MESSAGE**

To the Mooresville ABC Board

The Annual Budget for the fiscal year July 1, 2016 through June 30, 2017 (FY16/17) 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 2016/2017; and the need for revenues sufficient to fund capital improvements as well as to provide distributions to beneficiaries.

Projected operating revenues increase 11.1% in comparison to 2015/2016.

The budget consists of projected revenues from liquor sales and other receipts of \$11,401,068, taxes related to income of \$2,708,614, cost of sales of \$5,868,664, operating expenses costs of \$1,190,790 capital outlay of \$75,000 and income distributions of \$1,500,000.

**Highlights of the Budget:** Key elements include:

- Sales increases are projected because of overall economy improvements.
- The assumption was that no debt will be obtained.
- There will be approximately \$75,000 of capital improvements
- Pay increases of 3% have been granted for full time employees.

**Debt:** The Board does not 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 that amount of expected sales are to increase 11.1%. 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.

**MOORESVILLE ALCOHOLIC BEVERAGE CONTROL BOARD**  
**Budget for the fiscal year 2016/2017**

**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 three 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, 2015 through April 30, 2016,
    - Minimum – two week's average gross sales for the current fiscal year equals \$310,888.
    - Maximum – three months average gross sales for the current fiscal year equals \$1,958,594.
  - Actual Working Capital as of 4/30/2016 was \$1,705,038.
  - 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:**

- 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.



Irvin Walls  
Budget Officer

Attached: Proposed Budget Ordinance for Fiscal Year 2016/2017.  
Supplemental Information

**BUDGET ORDINANCE  
MOORESVILLE ABC BOARD  
2016 - 2017  
PROPOSED**

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, 2016, through June 30, 2017.

*Section 1. Estimated Revenues.* It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2016 and ending June 30, 2017 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	\$ 11,398,568
Investment Income	2,500
<i>Total</i>	<u>11,401,068</u>

**Appropriations:**

Taxes Based on Revenue	<u>\$ 2,708,614</u>
Cost of Sales	<u>\$ 5,868,664</u>

*Operating Expenses:*

	Store(s)	Administration	Total
Salaries and Benefits	<u>\$ 509,399</u>	<u>\$ 274,292</u>	<u>\$ 783,690</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>4,800</u>	<u>-</u>	<u>4,800</u>
Repairs & Maintenance-Buildings	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Repairs & Maintenance-Equip	<u>600</u>	<u>-</u>	<u>600</u>

**MOORESVILLE ABC BOARD  
2016 - 2017  
PROPOSED**

<i>Operating Expenses:</i>	<u>Store(s)</u>	<u>Administration</u>	<u>Total</u>
Utilities	\$ -	\$ 39,000	\$ 39,000
Telephone	-	16,500	16,500
Insurance – General & Bonds	-	21,000	21,000
Store Supplies	45,000	-	45,000
Uniforms	-	-	-
Employee Travel	-	-	-
Licenses & Taxes	-	200	200
Delivery	-	-	-
Office Supplies	-	7,500	7,500
Advertising	300	-	300
Postage	-	1,300	1,300
Professional Fees	-	25,000	25,000
Dues & Subscriptions	-	3,000	3,000
Bank Fees	-	2,500	2,500
Credit Card Processing Fees	126,000	-	126,000
Contingencies	-	75,000	75,000
Travel and Conventions	-	6,000	6,000
Other-Outside Labor	10,000	-	10,000
<b>Total</b>	<b>\$ 711,099</b>	<b>\$ 479,692</b>	<b>\$ 1,190,790</b>
 <i>Capital Outlay:</i>			
(define)	\$ 75,000	\$ -	\$ 75,000
<b>Total</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>
 <i>Debt Service/Lease:</i>			
Notes Payable	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>

**BUDGET ORDINANCE  
MOORESVILLE ABC BOARD  
2016 - 2017  
PROPOSED**

*Distributions:*

Law Enforcement	<u>\$ 55,000</u>	<u>\$ -</u>	<u>\$ 58,000</u>
Alcohol Education & Rehab	<u>-</u>	<u>-</u>	<u>-</u>
County/Municipality	<u>1,000,000</u>	<u>-</u>	<u>1,500,000</u>
Other Distributions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,055,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,558,000</u></b>

Excess (deficit) of Estimated Revenues over Appropriations	<u>\$ -</u>
Estimated Fund Balance - Beginning of Fiscal year 2016	<u>3,836,619</u>
Estimated Fund Balance - End of Fiscal year 2016	<u>\$ 3,836,619</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 \_\_\_\_ day of June 2016.*



**BUDGET WORKSHEET**

Mooresville ABC BOARD

**ANNUAL BUDGET ESTIMATE - EXPENDITURES**

Fiscal Year: 2016 - 2017

Account	Last Year		Current Year 2015-2016				Coming Year 2016-2017		
	Actual 2014-2015		Actual to March	May - June Estimated	Actual plus April-June 2015	Totals for Year Annualized	Requested	Recommended	Approved By Board
<b>Taxes Based on Revenue:</b>									
NC Excise Tax	2,054,243	91.95%	1,659,615	535,895	2,195,510	2,212,820	2,409,101	2,490,583	2,490,582.58
MXB Tax (Dept. of Rev.)	138,075	6.18%	107,280	38,573	145,853	143,040	161,927	167,403	167,403.28
MXB Tax (DHHS)	13,807	0.62%	10,728	3,857	14,585	14,304	16,193	16,740	16,740.31
Rehabilitation Tax	26,140	1.17%	20,414	6,715	27,129	27,219	30,655	31,692	31,692.00
Wine/Mixer Sales Tax	1,811	0.08%	1,348	520	1,868	1,797	2,124	2,196	2,196.13
<b>Total</b>	<b>2,234,076</b>	<b>100%</b>	<b>1,799,385</b>	<b>585,560</b>	<b>2,384,945</b>	<b>2,399,180</b>	<b>2,620,000</b>	<b>2,708,614</b>	<b>2,708,614.30</b>
<b>Cost of Sales:</b>									
Cost of Liquor Sold	4,991,932	52.32%	4,029,872	1,304,372	5,334,244	5,373,163	5,240,000	5,868,664	5,868,664.33
<b>Total</b>	<b>4,991,932</b>	<b>0</b>	<b>4,029,872</b>	<b>1,304,372</b>	<b>5,334,244</b>	<b>5,373,163</b>	<b>5,240,000</b>	<b>5,868,664</b>	<b>5,868,664.33</b>
<b>Operating Expenses:</b>									
Salaries and Wages	594,811		467,937	145,319	613,256	623,916	616,000	643,000	643,000
Payroll Taxes	45,409		36,448	10,282	46,730	48,598	55,000	49,190	49,190
Retirement	14,243		12,731	3,547	16,278	16,975	22,000	22,000	22,000
Group Insurance	49,261		38,912	12,315	51,227	51,883	54,500	54,500	54,500
401K	10,219		8,695	2,508	11,203	11,593	15,000	15,000	15,000
Board Member Per Diem	8,400		6,300	2,100	8,400	8,400	8,400	8,400	8,400
Unemployment Insurance	0		182	0	182	243	4,800	4,800	4,800

**BUDGET WORKSHEET**

Mooresville ABC BOARD

**ANNUAL BUDGET ESTIMATE - EXPENDITURES**

Fiscal Year: 2016 - 2017

Account	Last Year		Current Year 2015-2016					Coming Year 2016-2017		
	Actual 2014-2015	Budget	Actual to April	May - June Estimated	Actual plus April-June 2015	Totals for Year Annualized	Requested	Recommended	Approved By Board	
Repairs & Maintenance - Build	7,216		8,820	1,305	10,125	11,760	15,000	15,000	15,000	
Repairs & Maintenance - Equip	310		401	0	401	535	600	600	600	
Utilities	34,152		26,135	7,852	33,987	34,847	39,000	39,000	39,000	
Telephone	14,684		11,477	3,690	15,167	15,303	16,500	16,500	16,500	
Insurance - General & Bonds	20,811		15,530	4,499	20,029	20,707	20,000	21,000	21,000	
Store Supplies	25,873		26,038	6,496	32,534	34,717	45,000	45,000	45,000	
Licenses & Taxes	0		0	0	0	0	200	200	200	
Office Supplies	5,788		2,540	1,503	4,043	3,387	7,500	7,500	7,500	
Postage	695		586	318	904	781	1,300	1,300	1,300	
Professional Fees	17,960		15,300	4,490	19,790	20,400	25,000	25,000	25,000	
Dues & Subscriptions	2,043		1,623	550	2,173	2,164	3,000	3,000	3,000	
Bank fees	399		12	0	12	16	2,500	2,500	2,500	
Credit Card Processing Fees	109,190		90,200	27,222	117,422	120,267	126,000	126,000	126,000	
Contingencies	0				0	0	125,000	62,325	75,000	
Advertising	0		0		0	0	300	300	300	
Other - outside labor	9,480		7,480	2,600	10,080	9,973	10,000	10,000	10,000	
Other - Travel and conventions	3,208		1,280	1,433	2,713	1,707	6,000	6,000	6,000	
Other - employee relations	0									
<b>Total</b>	<b>974,153</b>	<b>0</b>	<b>778,627</b>	<b>238,028</b>	<b>1,016,655</b>	<b>1,038,170</b>	<b>1,218,600</b>	<b>1,178,115</b>	<b>1,190,790</b>	

**BUDGET WORKSHEET**

Mooreville ABC BOARD

**ANNUAL BUDGET ESTIMATE - EXPENDITURES**

Fiscal Year: 2015 - 2016

Account	Current Year 2015-2016				Coming Year 2016-2017			
	Last Year Actual 2014-2015	Budget	Actual to March	April - June Estimated	Year Total (Round Up)	Requested	Recommended	Approved By Board
Capital Outlay:								
purchases	41,611	0	133,664	0	133,664	75,000	75,000	75,000.00
(Debt Proceeds)	0							
<b>Total</b>	<b>41,611</b>	<b>0</b>	<b>133,664</b>	<b>0</b>	<b>133,664</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000.00</b>
Debt Service/Lease:								
			0	0	0		0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total Estimated Expense</b>	<b>8,241,773</b>	<b>1</b>	<b>6,741,548</b>	<b>2,127,960</b>	<b>8,869,509</b>	<b>9,153,600</b>	<b>9,830,393</b>	<b>9,843,068.13</b>
Distributions:								
Mandatory 3.5% and .01/.05 Btl Tax								
Law Enforcement	51,058		41,293	14,793	56,086	55,057	58,000	58,000.00
Alcohol Education & Rehab.	0							
Other Municipal	0							
Other County	1,000,000	0	1,050,000	350,000	1,400,000	1,400,000	1,400,000	1,500,000
Other Distributions	0							
<b>Total</b>	<b>1,051,058</b>	<b>0</b>	<b>1,091,293</b>	<b>364,793</b>	<b>1,456,086</b>	<b>1,455,057</b>	<b>1,458,000</b>	<b>1,558,000</b>
<b>Total Expenditure Summary</b>	<b>9,292,831</b>	<b>1</b>	<b>7,832,841</b>	<b>2,492,754</b>	<b>10,325,595</b>	<b>10,608,600</b>	<b>11,288,393</b>	<b>11,401,068</b>
Working Capital Retained								
Appropriated Fund Balance						-126,600	0	

NUMBER OF EMPLOYEES: Prior Years \_\_\_\_\_ Current Year \_\_\_\_\_ Recommended \_\_\_\_\_