

High Point ABC

2011 – 2012

Proposed Budget



HIGH POINT
ALCOHOLIC BEVERAGE CONTROL BOARD

201 WEST FAIRFIELD ROAD
P.O. BOX 1069
HIGH POINT, NORTH CAROLINA 27261
(336) 434-2146
FAX (336) 434-6463

BOARD:
David Wall, Chairman
Elizabeth Koonce
James Tanner
Vickeye Armstrong
L.A. "Chip" Harris

General Manager
Rosalind R. Stewart

The Honorable Mayor Smothers,
Members of the City Council of High Point,
The members of the High Point ABC Board and
Citizens of High Point, North Carolina:

I am pleased to present the High Point ABC Board's proposed 2011-2012 budget for your review and consideration. The format of this budget has been prepared in accordance to the requirements of North Carolina General Statute §18B-702 entitled "Financial Operations of Local Boards".

The proposed budget meets several goals:

1. Responsible expenditure of Public Funds
2. Continued high level of customer service
3. Capital Expenditures that invest in the future stability and profitability of the board
4. Provide for Distributions as mandated by local statute and which exceed the requirements of NCGS §18B-805(c)(1).
5. Submission of a Balanced Budget as required by NCGS §18B-702(c).

The budget forecasts a conservative increase in Retail Spirits Revenue of 3.42%, a 0% increase in Mixed Beverage Sales and a slight increase of 1.08% increase of Wine and Mixer sales. Historically, Mixed Beverage sales are less than 13% of the total sales for the board as compared to the State average of more than 20%. This lower dependence on Mixed Beverage lessens the impact of flat sales in this area on the total anticipated growth of revenue. Continued growth in sales is anticipated in the Wendover Avenue, Skeet Club Road and High Point Road locations. Flat or marginal growth is projected for the English Road, Fairfield Road and Parris Avenue locations. We project total sales to increase by 3%. Total Revenue is estimated at \$12,768,405, Operating Expense \$1,992,756 and income Profit Distribution of \$753,161.

Budget Highlights:

- The proposed budget is a 2.8% increase in expenditure over the previous year's budget. This increase is primarily a 2.5% Contingency fund added to the proposed budget.
- No additional long term debt is anticipated in the budget.

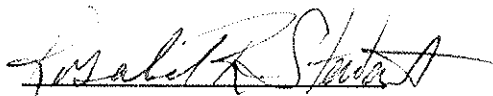
- No cost of living increase for employees; maximum average of 2% merit increase included to be awarded at the discretion of the board.
- One full-time position will be eliminated. This will be accomplished by not filling a current vacancy at Store #7 (Skeet Club Road).
- Budget figures were calculated based on a historical percent of sales for most categories. Notable exceptions include:
 - A. Increase of more than 11% in Board contribution to employee's State Retirement account as mandated by the State.
 - B. Increase in the cost of employee training in anticipation of increased standards to be established by the state commission.
 - C. Utilities and Travel cost (gasoline) increased over the historical percentage due to research and the City of High Point forecast that suggests a projected spike in these cost.

Budget Timeline - Proposed

- May 4th – Budget presented to board, appointing authority, state commission and available for public review.
- May 18th – Public Budget Hearing and Board Budget Meeting
- June 22nd – Budget Adopted or Interim budget adopted.

Conclusion:

Although these are economically uncertain times, the staff has tried to anticipate and provide for reasonable expenses and conservative growth in the proposed budget. The budget encompasses the primary monetary goals of the High Point ABC board which include fiscal responsibility, sensible capital investment and substantial profit distribution.



Rosalind R. Stewart
General Manager
High Point ABC Board

BUDGET ORDINANCE
HIGH POINT ABC BOARD
2011-2012

BE IT ORDAINED by the High Point ABC Board, of the City of High Point, that the following ordinance establishing revenues and setting expense appropriations is hereby adopted and effective July 1, 2011 - 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:

| | | |
|----------------------|-------|-------------------------|
| Liquor Sales | | \$ 11,208,788.22 |
| Mixed Beverage Sales | | \$ 1,501,346.21 |
| Wine/ Mixer Sales | | \$ 48,830.91 |
| Investment Income | | \$ 8,054.70 |
| Other Income | | <u>\$ 1,385.08</u> |
| | Total | <u>\$ 12,768,405.12</u> |

Section 2. Appropriations. The following expenses are hereby appropriated for fiscal year 2011-2012 and are funded by revenues made available through section 1, herein.

Appropriations:

| | | |
|----------------------------|-------|------------------------|
| Taxes Based on Revenue: | | |
| NC Excise Tax | | \$ 2,754,660.62 |
| MXB Tax (Dept. of Revenue) | | \$ 146,728.10 |
| MXB Tax (DHHS) | | \$ 16,586.65 |
| Rehabilitation Tax | | \$ 43,380.48 |
| Wine Mixer Sales Tax | | \$ 5,103.59 |
| Shared Mixed Beverage Tax | | <u>\$ 3,827.69</u> |
| | Total | <u>\$ 2,970,287.13</u> |

Cost of Sales

| | | |
|--------------------------|-------|------------------------|
| Cost of Liquor Sold | | \$ 6,568,315.36 |
| Cost of Wine/ Mixer Sold | | <u>\$ 31,897.41</u> |
| | Total | <u>\$ 6,600,212.77</u> |

Operating Expenses:

| | Stores | Administration | Warehouse | Total |
|-------------------------|---------------|----------------|--------------|-----------------|
| Salaries and Wages | \$ 979,946.93 | \$ 363,674.78 | \$ 37,029.00 | \$ 1,380,650.71 |
| Rent | \$ 114,016.00 | | \$ 19,500.00 | \$ 133,516.00 |
| Repairs and Maintenance | \$ 18,287.00 | \$ 5,796.00 | \$ 2,350.00 | \$ 26,433.00 |

Public Notice of Budget Hearing

BUDGET PUBLIC HEARING

The proposed fiscal year 2011-2012 Budget for the High Point ABC Board has been presented to the Board and is available for public inspection in the office of the General Manager of the ABC Board at 201 West Fairfield Road in High Point from 9:00 a.m. to 5:00 p.m. weekdays.

The High Point ABC Board will hold a public hearing on the proposed budget on Wednesday, April 18 at 2:00 p.m. at 201 West Fairfield Road, for the purpose of receiving comments on the proposed budget. Persons wishing to be heard are invited to make written or oral comments.