



05.11.2026

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**To:** Statesville ABC Board Members, City of Statesville,  
NC ABC Commission, Media, Interested Parties

**From:** Tip Nicholson, General Manager

**Date:** May 11, 2026

**Subject:** FYE27 (Fiscal Year Ending June 30, 2027) Budget Message

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The Annual Budget for the fiscal year July 1, 2026 through June 30, 2027 (FYE27) has been prepared in accordance with 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.

The primary drivers during the preparation of this budget included projected operating costs required to sustain acceptable levels of customer service during FYE27 and the need for revenues sufficient to fund distributions to beneficiaries.

Projected operating revenues are estimated to decline 4% for FYE27. Due to the uncertainty in the economy, expenses are expected to increase due to inflation, 3% cost of living increase and 1% increase in NC State retirement payments and a 24% increase in health insurance costs. Capital outlay expenses include a new roof at our downtown store and new shelving at our 1312 Garner Bagnal Store.

The budget consists of projected revenues from liquor sales and other receipts of \$9,241,662; taxes related to income of \$2,051,739; cost of sales of \$4,933,629; operating expenses costs of \$1,743,759; and local distributions of \$583,885.

**Highlights of Key Budget Elements Include:**

- Retail sales and LBD (liquor by the drink) sales are showing monthly declines due to several factors. Customers' habits are changing and as a result alcohol consumption is decreasing. The downward sales trend is worldwide. Also

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## Statesville ABC Board

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contributing is the uncertain economy. As a result, we are estimating a 4% decline in sales for FYE27.

- The Statesville ABC Board uses the City of Statesville's salary administration plan as its guide for compensation. The City Mangers's proposed budget includes a 3% cost of living increase in salaries.
- Health insurance costs are increasing 24% for FYE27. The policy of the Statesville ABC Board is to match the benefits that are offered to employees of the City of Statesville.
- There will be no significant increase in electric rates, but water/sewer rates will be increasing.
- A major expense for our downtown store is for a replacement roof (last roof was installed in 1990). At our 1312 Garner Bagnal store #2 we are adding some additional shelving.

The ABC Board will continue to closely watch its working capital. The NC ABC Commission issues guidelines for minimum and maximum working capital (defined below in the Priorities and Assumptions section). The actual amount is determined at the completion of the annual audit sometime in August of 2026. The board is not allowed by law to go under the minimum amount and if it does, it is allowed to withhold distributions until such time that the amount again exceeds the minimum. The Board goal is to try and maintain working capital at the mid-point range recommended by the NC ABC Commission. It appears that with reduced sales and the need for roof replacement at our downtown store we will need to reduce distributions in FYE 26 and FYE27. It is hoped that revenues will exceed projections and expenditures will be less than budgeted so that the working capital target can be met and that distributions can be increased.

#### **The Board's Budget Process**

During April and May, information was gathered regarding possible changes in budget lines for the new fiscal year. Once the Statesville City Manager releases his proposed budget message for FYE27, the proposed budget was finalized. The Statesville ABC Board will hold a public hearing for the proposed budget on Tuesday May 26<sup>th</sup> at 11:00am at its regularly scheduled meeting. After hearing public comment, the board will either continue to study the budget or approve the budget. State law requires approval of the budget by June 30<sup>th</sup>.

**Priorities and Assumptions:**

- The Board's primary source of revenue is the sale of spirituous beverages. A key assumption is the amount of expected sales. Revenue projections are projected based on current economic factors 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.
- The Board satisfies its obligation for law enforcement (minimum of 5% of net profits) by contracting for law enforcement services with the City of Statesville Police Department.
- Alcohol Education – The Statesville ABC Board believes strongly in its responsibility to help fund local organizations that work with alcohol and substance abuse services. The Board historically has funded alcohol education programs at more than the minimum of 7% as required by law. Due to declining sales and the need for a replacement roof, we will have to reduce the amount of funds for alcohol education in FYE27.
- 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 months' average gross sales of the latest fiscal year. Gross sales mean gross receipts from the sales of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4)." The Statesville ABC Board, while meeting these requirements, will continue to work to build its "working capital" to a level that will at least reach the midpoint of the minimum and maximum requirements.

**Staffing Summary**

The Board has authorized a total of 7 full-time positions. An additional 29 part-time employees work a variety of hours and positions for the Board.

**Conclusion**

The budget reflects the Board's commitment to fulfill its mission based on known information. A copy of this proposed budget will be available for public view both on our website ([statesvilleabc.com](http://statesvilleabc.com)) and in the boardroom at 311 South Center Street.

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Tip Nicholson

General Manager

Attached: Proposed Budget for FYE27



FYE27 PROPOSED BUDGET  
May 12, 2026

<b>Estimated Revenues:</b>		<b>Totals</b>
Sales		\$9,229,662
Other Income		\$12,000
	<b>Total</b>	<b>\$9,241,662</b>

*Section 2. Appropriations.*

The following expenses are estimated for FYE25 and are funded by the revenues made available through the estimated revenues.

<b>Appropriations:</b>		
Taxes Based on Revenue		\$2,051,739
Cost of Sales		\$4,933,629
	<b>Total Appropriations</b>	<b>\$6,985,368</b>

<b>Operating Expenses:</b>	<b>Total</b>	
Salaries & Benefits	\$1,243,017	
Board Salaries	\$5,400	
Repairs & Maintenance	\$150,006	
Utilities	\$36,106	
Insurance – Building, Liability & Workman's Compensation	\$37,649	
Store/Office Supplies	\$68,048	
Travel, Training & Conferences	\$27,900	
Contracts & Professional Fees	\$64,992	
Credit Card Fees	\$108,759	
Contingencies/Miscellaneous	\$1,992	
	<b>Total Operating Expense</b>	<b>\$1,743,869</b>

<b>Capital Outlay:</b>	<b>Total</b>	
Store Shelves Store #2	\$8,000	
<b>Total</b>	<b>\$8,000</b>	
CO Funding (From Administrative Reserve)	(\$8,000)	
<b>Total Capital Outlay</b>	<b>\$0</b>	

<b>Debt Service:</b>		<b>\$0</b>
Principal Payments on Store #2 Loan	\$53,100	
Interest Payments on Store #2 Loan	\$16,500	
<b>Total Debt Service</b>	<b>\$69,600</b>	<b>\$69,600</b>

<b>Distributions:</b>		
Profit Distributions	\$469,693	
Law Enforcement	\$24,192	
Alcohol Education & Rehab.	\$90,000	
<b>Total Distributions</b>	<b>\$583,885</b>	<b>\$583,885</b>

Working Capital Retained/Administrative Reserve		-\$141,060
<b>Total Expense, Distributions &amp; Reserve</b>		<b>\$9,241,662</b>