



## Gastonia *ABC* System

## Budget Message FY 2026– 2027

- 1- Sales for FY 25-26 were down 2.21% for the first 9 months. The store sales are expected to grow approximately 2%, however the mixed beverage sales continue to trend down. This will cause overall sales to be slightly up over last year. The main driver of any increase in sales will be due to the opening of the new W. Gastonia location.
- 2- Health care expenses will be higher for the year due to one more full-time employee as well as a significant rate increase of \$3,243.33 per month for the current full-time employees using the health care plan.
- 3- The System will continue to operate with a majority of its staff part-time (38-40 part-time employees) and only 10 full-time employees. The board has approved raises for all full-time and part-time employees effective at the start of the new fiscal year. The increase will be 2.5%. New hires will continue to start at \$15.00 per hour.
- 4- The two stores we currently lease space for (Store 2 – Dallas, Store 6 – W. Gastonia) will have changes for this fiscal year. We are currently working with the Dallas landlord on a lease renewal. The current lease expires December 31, 2026. For the W. Gastonia location, the lease expires on April 30, 2027. We will not be renewing this lease due to the new store we are opening in its place.
- 5- We will have an overall decrease in our business insurance for the year because we changed carriers for workers compensation.
- 6- The Employer contribution rate for the North Carolina Retirement plan is going to be 15.10% for this budget period. The 401k plan will continue to be funded at the current level of 5.5%.
- 7- Bank fee rates are expected to be the same for this year. The only increase we will see would be due to an increase in sales and card usage.
- 8- Eleven capital projects are funded in the budget for fiscal year 26-27. The Office/Warehouse HVAC is carrying over from last year. Due to the age of the units, we want to be prepared for the significant expense in replacing them. The four music capital projects are to put music in the sales area of all locations. The scanners need to be replaced due to the age and failure of the current scanners throughout all locations. The parking lot at Jett Lanier has several cracks in it that need to be repaired. Three of the capital projects are related to the new W. Gastonia store and need to carry over because the work will not be completed by June 30, 2026. The Board is wanting to be prepared for future growth, that is why \$400,000.00 is in the budget to acquire property.
- 9- The Board continues to provide a high level of financial distributions to the City of Gastonia. The distribution will be \$600,000.00 for Fiscal Year 26-27. This will be paid in 4 quarterly payments. After our annual external audit, a fifth distribution may be made based on the results of the audit.
- 10- The Board will determine the distribution for Dallas after the year-end audit. The Board distributed \$44,537.00 for fiscal year 24-25.
- 11- The Board's financial status is sound; therefore, no monies will be borrowed to fund operations or capital expenses.
- 12- The board does not have any plans currently in place to open a new location during this fiscal year. The Board has set aside funds as a capital project for a potential sixth store if the right opportunity presents itself.