

# Belville ABC Board

## Performance Audit Report



## TABLE OF CONTENTS

---

ABC Commission Statement .....	3
Objective, Purpose & Background Information .....	4
Financial Analysis, Observations & Findings .....	6
Recommended Actions & Additional Considerations .....	13-14
Belville ABC Response Letter .....	15-17



## Alcoholic Beverage Control

CHAIRMAN:

Hank Bauer

COMMISSIONERS:

La'Tanta (L.T.) McCrimmon  
Raleigh

David Sherlin

Raleigh

DEPUTY COMMISSIONER:

Mike DeSilva

LOCATION:

400 East Tryon Road  
Raleigh NC 27610

MAILING:

4307 Mail Service Center  
Raleigh NC 27699-4307

PHONE: (919) 779-0700

<http://abc.nc.gov/>

May 16, 2025

Belville ABC Board  
Joseph Henson, Chair  
44 River Rd  
Belville, NC 28451

Chairperson Henson,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Indian Trail ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva  
Deputy Commissioner

## **OBJECTIVE, PURPOSE & BACKGROUND INFORMATION**

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, and Administrative Policies
- Review applicable reports and studies of ABC Boards with similar size and geography.
- Verify compliance with Commission and Board policies.
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits.
- Review ABC Board reporting and documentation reports.
- Visit the store(s)
- Interview key ABC Board personnel.

Belville ABC Board is located within the town of Belville in Brunswick County, North Carolina, incorporated in 1977. As of the 2020 census, it has a population of 2,406 residents. The town is part of the Wilmington Metropolitan Area and is situated approximately five miles from the historic port city of Wilmington, bordering the Brunswick River.

The town encompasses a total area of 1.9 square miles, with 1.7 square miles of land and 0.19 square miles of water. Major highways, including U.S. Routes 17, 74, and 76, form the northern edge of Belville, providing direct access to Wilmington across the Brunswick and Cape Fear River. Belville offers recreational opportunities such as the Brunswick Riverwalk, a scenic park along the river that features walking trails, fishing spots, and picnic areas. The town also hosts various community events and maintains facilities that can be reserved for gatherings.

The general manager is responsible for the oversight of all daily operations, inventory management, accounts payable, human resource organization and other administrative decisions for the board. The GM is also the Finance Officer and is responsible for submitting payroll, and other bookkeeping duties as needed. All store employee's primary responsibility is to provide friendly customer service to all customers, store upkeep and stock maintenance.

A mixed beverage referendum occurred on May 29, 1979, and it passed. *Currently, the Belville ABC Board appoints a chairperson, a vice chairperson, three (3) additional board members and a general manager to serve on the ABC board.* The Belville ABC Board currently operates two (2) retail stores. The board staffs fifteen (15) in total personnel. These include thirteen (13) full-time employees and two (2) part-time personnel. The general manager is responsible for daily store operations including supervising personnel, inventory management, and various retail functions. The board's GM is also the board's Finance Officer. Tia Clemmons provides the board with fiscal management, administrative support, and oversees routine operations of the ABC stores. Sales associate responsibilities include, selling products, daily stocking, and floor upkeep & maintenance.

*The last performance audit for the Belville ABC Board occurred in 2014.* The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.



## OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On Monday, March 10, 2025, ABC Board Program Analyst II Eric McClary, visited the Belville ABC Board and interviewed Tia Clemmons (General Manager). Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.

### FINANCIAL ANALYSIS

---

#### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

---

In fiscal year (FY) 2024, the Belville ABC Board had a profit percentage to sales of 13.38%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales more than \$2M is 6.5%. The Belville ABC Board's gross sales totaled \$7,357,709, which was a 2.0% increase from the previous fiscal year.

The operating cost ratio for the Belville ABC Board was 0.46 in FY 2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales is .73 or less.

Thus, the Belville ABC Board did meet the profitability standard, and the operating cost standard set by the NC ABC Commission. Belville is amongst the highest in the state. Below is a chart showing gross profit on sales and income from operations for the previous two years.

	FY 2023-2024	FY 2022-2023
<b>Gross Profit on Sales</b>	\$1,837,644	\$1,720,670
<b>Income from Operations</b>	\$984,113	\$921,988

*Factors affecting profitability and cost include:*

- The next ABC system within a 25-mile radius are Brunswick County ABC, Boiling Spring Lakes ABC, and New Hanover County ABC.
- An ABC Board's average cost of goods sold (COGS) is between 52% & 54% per year.
- The Belville ABC Board's cost of goods sold was approximately **52.5%** in FY

## BUDGET ANALYSIS.

	FY 2023-2024 Budget Projections	FY2023-2024 Actual	Variance	Variance %
<b>Sales</b>	\$7,400,000	\$7,357,709	(\$42,291)	(0.6%)
<b>Revenue over or (under)</b>				
<b>Expenditures</b>		\$76,286		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 0.6% below forecast. In addition, the net income change during the fiscal year was \$184,239. *The board's collective net position on June 30, 2023, was \$ 2,333,843.*

## DISTRIBUTIONS

G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).*

Belville ABC Board ABC made a total of \$ 1,657,646 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), the NC Department of Health and Human Services (NCDHHS) and the County Commissioners of Brunswick County.

*Per the local enabling act, the distribution formula for recipients of net profits is as follows:*

- One Hundred percent (100%) to Belville General Fund.

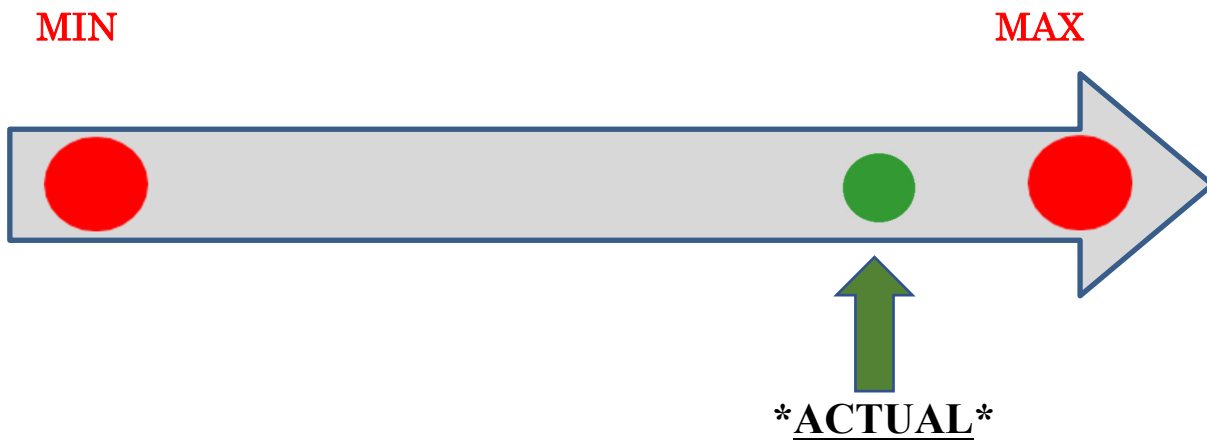
## WORKING CAPITAL

---

G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system. The NC ABC Commission has set a working capital standard for boards with annual gross sales more than \$1.5M an amount equal to four (4) months of sales revenue.

Based upon the existing rules, as of June 30, 2024, the Belville ABC Board is required to maintain a minimum working capital of \$219,233 with a maximum working capital amount of \$1,900,021. The Belville ABC Board had a working capital balance of \$1,443,470 which is within the amount allowed by the Commission requirements.

### **\* FY 2023-2024: *Working Capital (WC) graphic***



Under 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.



## PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

---

*The findings for personnel, operational & administrative compliance are as follows:*

The board holds board meetings the 3<sup>rd</sup> Tuesday of each month at 6:00 PM, records regular meeting minutes, and provides public notification and awareness of these meetings. The meeting minutes are organized in a folder for review. They record regular meeting minutes and provide public notification and awareness of these meetings. The meetings are organized by session and kept in a book. Board meetings were viewed and followed the order of proceedings, providing sufficient detail that a reasonable person would be able to follow what transpired.

- Training Records: Board members and board personnel are fully compliant on ethics training referencing GS 18B-706.
  - Oath of Office: All board members have taken an oath per the general manager's recollection. All board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *Written template is available in the operations manual on Commission website.*
  - General Manager (GM) Salary and Board Member compensation: GM salary fully adheres to 18B-700(g1) statute requirements. The Board member compensation complies with statute 18B-700(g) requirement.
  - Board website review: The board's login website was updated by the Commission in 2022 for board member term tenure information (*begin dates & end dates*). **Special note:** As part of a revalidation effort, the Commission has worked to revalidate term tenure information for all ABC boards across the state, working directly with the appointing authorities. As a value-added measure for all ABC boards and Commission records tracking in summer 2022, the term begin dates as well as term end dates were entered on all individual ABC board websites.
    - *The expectation going forward is that ABC boards will better manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*
  - Board Personnel & Board Members: The general manager is very meticulous with oversight and recordkeeping including keeping board meeting minutes in heavily reinforced binder. The GM provides board members with monthly sales information and previous year's applicable sales and operational concerns along with financials from accounting firm. Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld; also, boards should routinely review any notes and recommendations provided by the CPA firm on annual audits.
  - POLICIES: The board has a personnel manual on site and is current. The Commission does not have a current copy of their travel policy. For travel policy, Commission records indicate the board adheres to the state travel policy.
  - Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings or employee tastings, and social media.
- FINANCIAL INSIGHT: Invoices are processed monthly by the General Manager. Invoice records for recent liquor purchases reflect them as being paid routinely well inside of 30 days. Taxes and distributions are paid in a routine and timely manner. The board uses QuickBooks for routine journal entries.

## **PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

- Bank deposits are made daily per review of bank Statements by the GM. For safeguard measures and adherence to *Commission rule 15A .0905 Daily Deposits*, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.
- All board members and applicable personnel are each bonded for \$50,000 per G.S. 18B-700(i).
- Law Enforcement (LE) Contract: The board has an active contract. The board also has been submitting LE reports since October 2024. However, the GM has been submitting the reports. She was unaware that the local authority is required to submit to the board pertinent LE data. The GM will follow up with Brunswick County Sheriff's department and assure LE data is being provided monthly.
- The annual CPA audit was received and logged by the Commission on August 20, 2024.

### **➤ INTERNAL CONTROLS/FINANCIAL INSIGHT:**

- Invoice information is entered into QuickBooks, cash requirements are printed for the truck shipments.
- The board utilizes a third-party accounting firm for all accounting related controls including billing, payroll, and reconciliations.
- After the store closes, the manager compiles all monies collected and stores the monies deposit bag and placed in the safe.
- Bank deposits are made daily by GM. The GM also compares the deposit slips with bank statements.
- Personnel review deposits and the general manager compares deposit slips with bank statements and a board member reviews at monthly reconciliation. *For safeguard measures and adherence to Commission rule 15A0905 Daily Deposits, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.*
- All board members, General Manager - Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i). *Board could consider insuring bonds cover other applicable staff to include other employees per G.S. 18B-803(b)(c).*
- All employees are subject to on-line RASP training and other various behavioral standards. *Board could consider in person RASP or law enforcement training from local or state level agencies for responsible alcohol sales and other applicable rules and laws.*
- Board has a credit card, with a current zero balance, in the possession of the general manager.
- Board uses pens for bills to prevent counterfeit exchanges.
  
- No conflicts pertaining to nepotism found and per discussion with general manager, however there is one board member that works with the Town of Belville.
- Board has a code of ethics policy on file with the Commission.

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions - The Belville ABC Board has routinely made the minimum mandatory distributions to the designated recipients over the last three years referencing NCGS 18B-805(c)(1). **The table below references distributions calculated by CPA on the left and total net profit distributions made by the ABC Board for the last three (3) years on the right.**
- Law Enforcement Distributions: Have been properly disbursed at or above the regular 5% statute amount over the last three (3) fiscal years.
- Alcohol Education Distributions: Have been properly disbursed at or above the regular 7% statute amount. This distribution category has been increased moderately annually.

NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Belville ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
CPA Calculated Amount		Total paid to recipient(s)	
FY-2024	\$209,278	FY-2024	\$736,954
FY-2023	\$205,213	FY-2023	\$205,213
FY-2022	\$198,929	FY-2022	\$423,149

**PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

- LAW ENFORCEMENT (LE) REPORTS: Reports have been submitted online routinely since May 2024.
- LAW ENFORCEMENT (LE) CONTRACT: The Commission does have a current electronic copy of a law enforcement contract on file. The LE reports have been submitted and are compliant however are without adequate data and submitted by the GM and not the local authority.
- INVENTORY: Full store inventories are conducted quarterly, and the GM also conducts spot checks daily in all categories are conducted at random intervals.
- INTERNAL CONTROLS:
  - The board has a Full time General Manager and one full time employee that supports the general manager.
  - The accountant prepares monthly financial statements for the board. The accountant makes it available to the GM, and the GM reviews makes these available for the monthly board meetings.
  - Invoice information is entered into Quick Books, cash requirements are printed for the truck shipments and the Purchase Orders History from the computer system and is utilized to balance totals to make sure invoices / inventory match the system.

- Bank Deposits are made daily by the general manager. Personnel review deposits and the general manager compares deposit slips with bank statements and the Finance Officer reviews at monthly reconciliation. *For safeguard measures and adherence to Commission rule 15A0905 Daily Deposits, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.*

➤ **EXPENSES:**

- Total expenses increased approximately 6.8 % from the last fiscal year.
- Salaries and wages were roughly 5.3% of total annual sales.
- Cost of Goods Sold (COGS) was 52.5%.

## **STORE INSIGHT & OVERVIEW**

---

*The findings for store insight & overview are as follows:*

- Store has a modern layout, good ergonomics for shoppers, and plenty of inventory on the shelves.
- Sales associate interactions with customers are attentive, courteous, and all are eager to meet the needs of the customers.
- The board has two (2) MXB customers as of March 7, 2025. The board would be willing to deliver to customers if ever requested.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, there were two that required updating and were updated immediately. Every item reflected the correct quarterly or monthly SPA price. The board highlights the monthly SPA products very well with visual aids.
- Besides closing on the two (2) required annual holidays and every Sunday, the board may opt to continue closing on New Year's Day, July 4<sup>th</sup>, and Labor Day annually.
- The store displays the required Fetal Alcohol Syndrome poster required by G.S. 18B-808. A new poster was provided to replace the older one.
- Products are placed within the designated categories; premium products are found at eye-level or top shelf. Some other areas had bottle sizes of the same products decreasing in size from top to bottom, with larger bottles placed at the top. Bottles were fronted and dusted. Bottles are also organized from top to bottom on some shelves, to increase the possibility of sales. Bottles were properly fronted and dusted.
- Outside area surrounding the store is well-maintained and free of debris or trash.
- Security systems are in place and functional in all designated areas.
  - *Sixteen (16) cameras work to cover the property footprint with 2 outside and 14 interior cameras.*

## RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

---

- Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A .1102 Rule. Electronic copies of the personnel manual should be emailed to Commission personnel for recordkeeping. A credit card policy is recommended to established authorized use (sample copy forwarded for consideration). A tastings policy is recommended if tastings are done routinely.
- The board has an updated law enforcement contract. The local authority is not providing adequate LE data to the board. The GM will coordinate with the local authority and request that the required LE data is provided for reporting going forward.
- Ensure all purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with *G.S. 18B-702(m)* with a signature by the finance officer. The specific statement should read, “*This instrument has been pre audited in the manner required by G.S. 18B-702.*” *Special note:* This would be most reasonably accomplished by signing & stamping the summary total of the Order Edit List from inventory system before any liquor orders are placed with state warehouse.

## ADDITIONAL CONSIDERATIONS & GUIDANCE ....

---

- The Commission’s primary focus for ABC board members:
- ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by Sept 30<sup>th</sup>.
- ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission’s board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* ABC Boards can limit the number of personnel travelling to conference and convention events across the state. Other ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and *credit card processing companies.*
- ABC boards are encouraged to closely review financial statements monthly, comparing with the annual budget forecast, approving budget amendments when necessary and submitting copies to the Commission for anticipated sales increases as well as other adjustments for budgeted accounts.

- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.
- NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise (breakage) and retain original copies for three (3) years. *All breakage reports should only be transmitted via email submission to Commission staff; copies should not be mailed.*
- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission as well as partnering with other ABC boards on specific areas such as best retail and marketing practices.
- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. *Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.*



Downtown Belville  
44 River Rd  
Belville, NC 28451  
(910) 371-3383



Waterford  
477 Olde Waterford Way Suite 119  
Belville, NC 28451  
(910) 371-6864

**Belville ABC Board**

Joseph "Joe" Henson, Chairman  
Tilita "Lee" Alexander, Vice Chairwoman  
John D. Crowder  
Richard Trexler  
Robert "Gene" Ward

ABC Commission  
400 E. Tryon Rd.  
Raleigh, NC 27610

May 15, 2025

We truly appreciate your support and recommendations from the audit recently performed. This performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

**Item 1:** Please ensure all newly adopted policies or any updated policies are submitted electronically to the Commission for recordkeeping and review per NCAC 15A.1102 Rule. Electronic copies of the personnel manual should be emailed to Commission personnel for recordkeeping. A credit card policy is recommended to established authorized use. A tasting policy is recommended if tastings are done routinely.

**All recommendations will be followed.**

**Item 2:** The board has an updated law enforcement contract. The local authority is not providing adequate LE data to the board. The GM will coordinate with the local authority and request that the required LE data is provided for reporting going forward.

**All recommendations will be followed.**

**Item 3:** Ensure all purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with G.S. 18B-702(m) with a signature by the finance officer. The specific statement should read, "*This instrument has been pre audited in the manner required by G.S. 18B-702.*" Special note: This would be most reasonable accomplished by signing & stamping the summary total of the Order Edit List from inventory system before any liquor orders are placed with state warehouse.

**The board will ensure pre-audit certificates are present on liquor orders to adhere to NCGS 18B-702(m).**

**Item 4:** The Board has an has an updated COA form.  
**The board has signed and submitted a COA form.**

Sincerely,

Tia D. Clemmons, General Manager  
Belville ABC Board



April      15      2025  
Month      Day      Year

Belville ABC #132  
ABC Board

## Certificate of Accountability

This document assures this Board and the State of North Carolina that the following statutory duties required of local ABC Boards have been properly performed.

1. The system has complied with all State uniform pricing requirements pursuant to NCGS §18B-804.
2. That all alcoholic beverages sold have been approved by the Commission for sale in this State pursuant to NCGS §18B-800.
3. That all "gross receipts" pursuant to NCGS §18B-805(a) have been properly accounted for and are lawful.
4. That all taxes due and board expenses have been properly and timely paid pursuant to NCGS §18B-805(b).
5. That all distributions pursuant to NCGS §18B-805 have been properly and timely paid.
6. That the finance officer for the board has properly performed all duties as required pursuant to NCGS §18B-702(k).

Via D. Clemmons  
General Manager

Via D. Clemmons  
Financial Officer

Joseph D. Harris  
Chairman

Robert Newland  
Board Member

Lee Alexander  
Board Member

[Signature]  
Board Member  
Robert Newland  
Board Member