

Brunswick County

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	18-19
Previous Performance Review Recommendations	20
Appendix A- Brunswick County ABC Board Response Letter	21



Alcoholic Beverage Control

CHAIRMAN:

Hank Bauer

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DEPUTY COMMISSIONER:

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May 28, 2025

Brunswick County ABC
Board

Mitchell Williams, Chair
2839 Holden Beach Rd. SW
Supply, NC 28462

Chairperson Williams,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Brunswick County 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, Reports, and Administrative Policies
- 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

Brunswick County is in southeastern North Carolina and the seat is Bolivia. The county's population per the 2020 census was 136,693 residents, up 27.2% from 2010. The Brunswick County ABC Board operates two (2) retail stores and is one of nine (9) boards with eleven (11) stores in the county.

G.S. 18B-600 authorized Brunswick County to hold an election for an ABC store. The referendum was held on November 7, 1989, and passed 5,155 to 3,803. The first sale occurred on June 1, 1990. A mixed beverage election was held on the same date and passed 5,114 to 3,855. Upon election of an ABC store, the county was authorized to create an ABC board consisting of a chairman and two board members to serve for three-year terms. Current board members are Mitchell Williams, board chairman, John "Buster" Dowless, and a recent vacancy.

The last performance audit for the Brunswick County ABC Board concluded 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 Wednesday, April 9, 2025, ABC Commission Program Analyst Edwin Strickland visited the Brunswick County ABC Board and interviewed the General Manager, Angela Boone. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



2839 Holden Beach Rd. Supply, N.C.



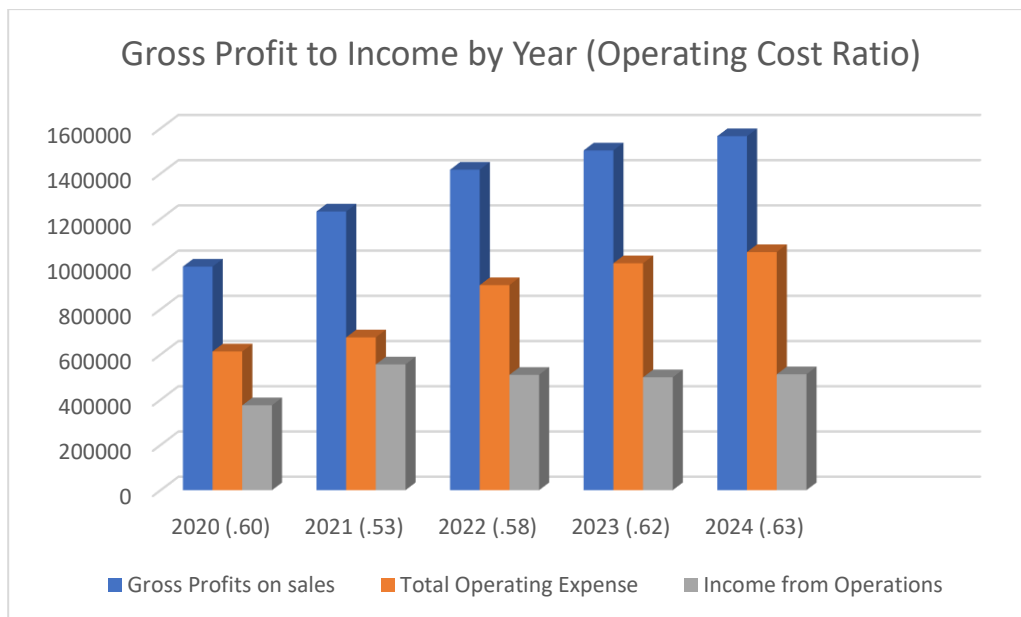
3670 Maco Rd. Leland, N.C.

FINANCIAL ANALYSIS

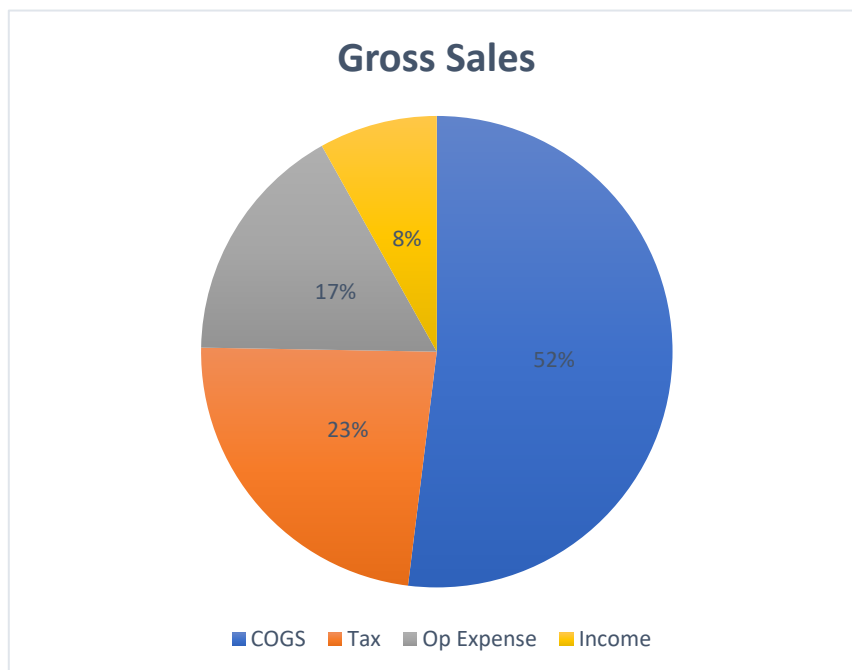
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Brunswick County ABC Board had a profit percentage to sales ratio of 8.1%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%.
 - The Brunswick County ABC Board's gross sales totaled \$6,324,648, which was an approximate 5% increase from the previous fiscal year.
 - The board's sales have grown over 59% over the last five completed fiscal years.
- Brunswick County ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .63 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less.
 - Operating cost ratio is calculated by dividing total operating expenses less depreciation by the gross profit on sales (Total operating expenses less depreciation/Gross Profit).
- Thus, the Brunswick County ABC Board meets both the profitability and the operating cost standards set by the NC ABC Commission. Below are charts showing gross profit on sales, total operating expenses, and income from operations for recent years.

	FY 2023-2024	FY 2022-2023
Gross Profit on Sales	\$1,565,358	\$1,502,436
Total Operating Expense	(\$1,052,840)	(\$1,003,267)
Income from Operations	\$512,518	\$499,169



- *Factors affecting sales:*
 - Brunswick County ABC is one of 9 boards in the county and South Carolina borders the county with additional outlets.
 - A 4.5% unemployment rate in Brunswick County in June of 2024 with a .3% increase from the previous year.
 - The board currently has approximately 46 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for over 18% of gross sales.*
- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy six percent (76%) of any board's gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, or as additional distributions beyond the minimum requirement.



INVENTORY TURNOVER

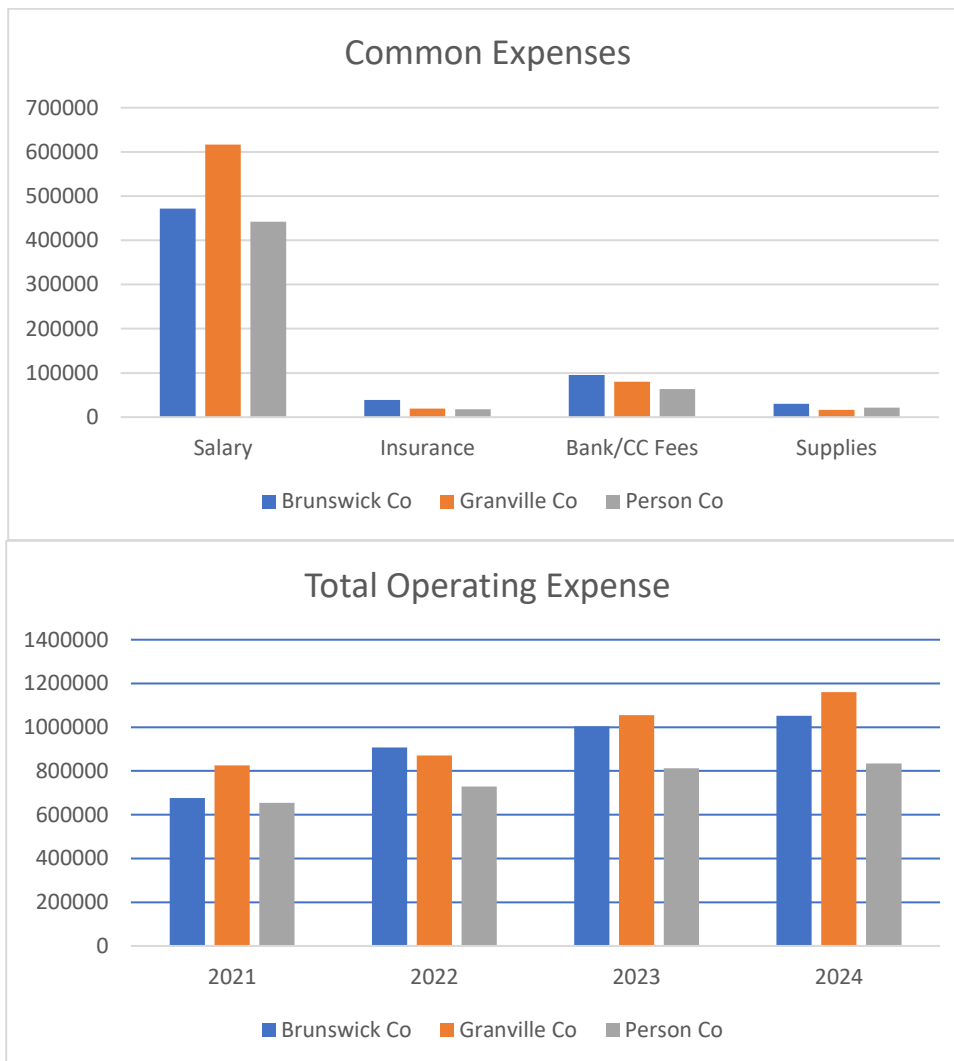
- The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set these goals for determining an effective rate based on the frequency of deliveries.
 - Once a week deliveries target at 6 times or more per year
 - Twice a month deliveries target at 5 times or more per year
 - Monthly deliveries target at 4.5 times or more per year
- The Brunswick County ABC Board receives shipments weekly with a target inventory turnover rate of 6. The inventory rate in (FY) 2023-2024 was 4.5, which is below the goal.

FINANCIAL ANALYSIS (cont.)

➤ *Factors affecting expenses:*

- Total operating expenses increased approximately five percent (5%) from the last fiscal year and were roughly seventeen percent (17%) of total annual sales in FY-23/24.
- Board salaries and wages were a little more than seven percent (7%) of total annual sales. Salaries and wages increased over nine percent (9%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 51.9% for the fiscal year with a normal range being 52% to 54%.

- A common expense report and a total operating expense report show the Brunswick County ABC Board has similar categorical and total operating expenses comparable to other ABC boards within a similar gross sales range and other variables. *Common expense report categories can, sometimes, be unreliable as different CPAs may include different expenses in their line items.*



BUDGET ANALYSIS

	FY 2023-2024 <i>Budget Projections</i>	FY2023-2024 <i>Actual</i>	Variance	Variance %
Total Revenues	\$6,486,875	\$6,383,321	(\$103,554)	(1.6%)
Total Expenditures	\$6,413,741	\$6,112,561	\$301,180	4.6%
Distributions	\$61,304	\$72,986	\$30,317	
Revenue over or (under) Expenditures		\$197,774		
After Reconciling Items		\$457,161		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 1.6% below final budget amendment.
 - The net income change during the fiscal year was \$457,161. *The board's collective net position on June 30, 2024, was \$4,364,651; the net position has increased around 72% over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with nine months (75%) of the budget year completed, the board is tracking well at around 73% of annual budgeted sales.
 - *A comparison of the board's current P&L to their FY 2024-2025 budget indicates no significant variations in line-item expenditures through February 2025.*

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).***

- In FY 2023-2024, Brunswick County ABC made other statutory distributions totaling \$72,986 (Net profit distribution recipient received \$30,000).
- The amount of \$1,476,128 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Brunswick County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - 100% to Brunswick County General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Brunswick County ABC board has made robust net profit distributions the last five (5) fiscal years well above the minimum mandatory distribution in reference to NCGS 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been properly disbursed at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount over the last five (5) FYs.

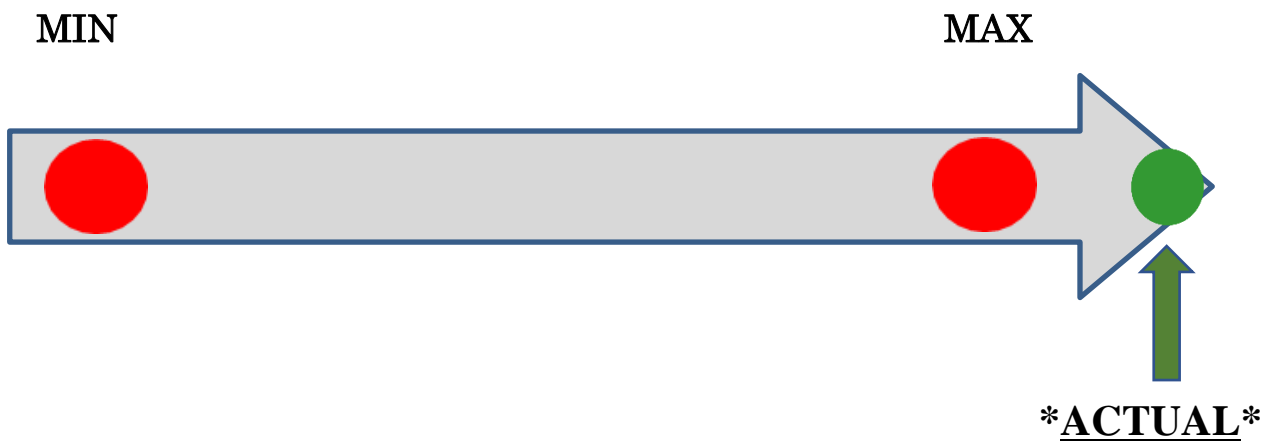
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Brunswick County ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$166,480	FY-2024	\$30,000
FY-2023	\$166,480	FY-2023	\$30,000
FY-2022	\$152,770	FY-2022	\$30,000
FY-2021	\$141,188	FY-2021	\$30,000
FY-2020	\$137,399	FY-2020	\$30,000

- The board has received an approval in 2017 from their appointing authority to modify their distribution schedule until their loan for the Holden Beach Rd. store is retired. This agreement stipulates quarterly distributions of \$7,500 (\$30,000 annually).

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.
 - NCAC 15A .0902 sets a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of gross sales.
 - G.S. 18B-702(g)(3) defines "Working Capital" as the total of cash, investments, and inventory less all unsecured liabilities. As it pertains to working capital computation, gross sales mean gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).
- Based upon the existing rules, as of June 30, 2024, the Brunswick County ABC Board is required to maintain a minimum working capital of \$186,482 with a maximum working capital amount of \$1,212,130.
 - The Brunswick County ABC Board had a working capital balance of \$2,101,516 which is more than the minimum and less than the maximum Commission requirements for this section (*).

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



- Under G.S. 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. *Board should consider evaluating working capital retention with regards to their 2017 approval from their appointing authority for a different distribution schedule.*

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE

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

Board Members

- The board consists of two members and a chairperson, each receiving compensation for their services at the maximum \$150.00 per meeting.
 - All board members are currently compliant on ethics training and terms are appropriately staggered. *The board is expecting a new appointee to replace a long serving member who has recently passed away.*
 - All current and recent members have served multi-terms for the board and have a wealth of experience in business and other applicable matters.
- Members have taken an oath of office per G.S. 11-7. *Copies of oaths should be kept available at the board's administrative office.*
- Meetings are generally held the third Wednesday of each month and public notice is announced on the digital media screens in the stores.
- Meeting minutes are well organized and available and follow the order of proceedings, providing detail of business discussed in a transparent and easily comprehensible manner.
 - Minutes reviewed contained all required notations including time and date, approval of previous meetings minutes, no conflicts of interest statement, and were signed.
 - Full financial reports are provided and discussed at meetings including balance sheets for accounts and money market, departmental sales and comparisons, inventory adjustments, bailment and surcharge, bottle sales, and more.
 - Approved meeting minutes are supplied to the appointing authority.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll. Boards should also, routinely review any notes and recommendations provided by the CPA firm on annual audits.
- The board's login website had been updated at and prior to Commission visit and contains accurate information pertaining to board members, personnel, and store location.

Law Enforcement

- The board has a law enforcement contract with the Brunswick County Sheriff's Department and an updated copy from 2023 was provided to the Commission and is now in record retention.
- Law enforcement reports are submitted regularly by the general manager with data supplied from Major Israel West with the BCSD.
 - Reports sometimes provide details of activities for accountability per G.S. 18B-501(f1).

Board Personnel

- The board currently staffs eighteen (18) total employees, with eleven full time, and seven part time.
- General Manager has served in this role with the board for approximately ten years, has worked for another ABC Board, and was previously employed with a point of sale and technology company who serviced ABC Boards.
 - General manager is full time, their salary is below the maximum allowable compensation per G.S. 18B-700(g1), and they are compliant on ethics training.
 - Their responsibilities include full oversight of all daily store operations, human resources, scheduling, payroll, deposits, and billing.
- The Finance Officer is full time and has been with the board for approximately ten years. They have held this position for about five years and was previously a store manager and clerk. Their responsibilities include ordering, inventory, signing checks and providing financial oversight, and they are also a store manager for store #1.
- Store #2 also has a manger who assists in staff development and general support of management activities.
- All other store employees are sales associates and primarily responsible for providing friendly customer service, general store cleaning and upkeep, and stock maintenance.
- Training is provided to new employees from management and other key personnel and is on the job and mentorship styled.
 - All employees are cross trained on every task and management is focused on making sure everyone can do everything in the stores.
 - RASP training has been completed by all employees.
 - Product knowledge training is handled informally between team members and through a unique and voluntary product knowledge and sampling program policy.
- Employee files are kept in the administrative office and include tax and banking information, personnel manual acknowledgment forms, job descriptions, RASP certificates, and more.
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Policies

- The board has a comprehensive personnel manual that details various policies, behavioral standards, cash management, equipment usage, legal sales, job descriptions, pay scales, and employee benefits. *A copy is in Commission records retention but does not contain all pages reviewed at visit. The board should work to ensure all updated policies are forwarded to the Commission for approval in compliance with NCAC 15A .1102.*
- For travel, the board chooses to adhere to the state's travel policy in compliance with G.S. 18B-700(g2).
- Additional policies in Commission records include a product knowledge and mixed beverage policy.
- The board has a credit card policy included in their revised personnel manual and will forward to the Commission. *Additional policies for consideration include lottery and tastings.*
- The Commission does not have a code of ethics policy on file for the board. In compliance with G.S. 18B-706(a), the board should adopt a code of ethics and provide said documentation to the Commission.

Operations

- Full inventory is conducted monthly at each store.
 - Three team members are involved in counts on a rotating basis.
 - The warehouse is counted on Saturday night and the showroom(s) on Sunday.
 - Adjustments are made by the general manager and sheets are retained.
 - A sample of items were selected to verify accurate current inventory. Of those selected all items actual inventory matched the theoretical.
 - Strategies for slow moving products include relocating in store, speaking to reps for advice or other means of help, and the board has a price reduction area.
- Board receives deliveries for goods weekly at Store#1 and twice monthly at Store #2.
 - Offload is conducted using scanners.
 - Variances are reviewed and recounted before sending notification to LB&B.
- The board currently has forty-six mixed beverage customer accounts.
 - Account sales are made through the warehouse portion of each store.
 - Invoices are provided to permittees at the time of the transaction and copies are retained in a file for each account.
 - The board has an extra sheet in each file for permittee's agents to sign at pickup to counter any potential unauthorized exchanges.
 - Board personnel sometimes notify accounts about special priced items.
 - An updated mixed beverage policy is in Commission records which includes information on deliveries. The board delivers to accounts once a week from Store # 1 and twice weekly from Store #2.
- Finance Officer makes liquor order by comparing recent sales to inventory and adjusts for special pricing. The store #2 manager submits their order to the board administration for review before submission. Adjustments are made for mixed beverage expectations.
- Allocated products are reserved for mixed beverage accounts, and the board holds a double-blind lottery twice annually.

Financial, Administrative, and Internal Controls

- Invoices for liquor are usually processed twice monthly and paid by check.
 - Each payment usually covers three truck deliveries.
 - *A small sample of payment dates was reviewed and indicated invoices were paid within the thirty-day requirement.*
- Board's checks have the required disbursement certificate in compliance with G.S. 18B-702(q).
 - The finance officer and general manager sign all checks.
- While the pre-audit stamp required by G.S. 18B-702(m) is being properly affixed to some purchase orders and invoices, it is not being utilized for liquor purchases. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- The board has a credit card in the possession of the general manager.
 - Itemized invoices for usage are retained in the administrative office and the accounted is preaudit stamped by the finance officer before payment is made.

Financial, Administrative, and Internal Controls (Cont.)

- Deposits are made daily for the previous business day. Deposit slips and other banking information are retained at board and the finance officer and general manager conduct month end reconciliation.
 - *A review of one month's deposit information was conducted, and no discrepancies were found between deposits and register receipts.*
- The board usually uses two registers in their showroom with tills beginning with \$200.00.
 - *The board has registers at each store for mixed beverage which do not have tills.*
 - Drawers are counted at the beginning of each shift and a rotating team member counts the safe daily.
 - Employees make safe drops throughout the day when the register limit for cash is reached.
 - The opening manager or finance officer compile deposit and takes to the bank.
 - General manager routinely reviews deposit slips daily for accuracy to register tape.
 - There is a change fund but not used as petty cash.
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is bi-weekly and processed by the general manager using QuickBooks.
 - Timecards are punched for employees and the finance officer alleys hours for general manager's review.
 - *A review of recent payroll records indicates accurate pay rates for board members and the general manager.*
- Travel records for recent activity were reviewed and are easily understandable for external transparency.
 - The board will discuss any overages in travel policy in their minutes which are reported to the appointing authority.
- Board keeps records for unsaleable merchandise reports but does not email copies of the claims to the Commission. *Management should work to make sure they are sent quarterly in compliance with NCAC 15A .1701(c).*
 - A card is attached to each product for full explanation of unsaleable designation.
- The board does receive report(s) describing expenditures of funds from their alcohol education and rehabilitation recipient in compliance with G.S. 18B-805(h). *Funds are dispersed to Anchor Initiative, a component of the Brunswick County Sheriff's Department.*
- The annual CPA audit was received by the Commission on September 30, 2024.
- All board members and the general manager and finance officer are each bonded for \$50,000 per G.S. 18B-700(i).
- In accordance with G.S. 18B-803(b)(c) the store managers are bonded for \$50,000. All other employees who have access to funds are bonded under a blanket bond for \$50,000.

STORE INSIGHT & OVERVIEW

- The board's Store #1 and administrative office is located on a busy thoroughfare in a well-traveled and centralized location with regards to other ABC stores.
 - The building is freestanding and has both road and building signage.
 - The store has been open four years and replaced a previous board store nearby and on the same road.
 - Outside area surrounding the store is free of trash or debris and has well-maintained landscaping.
 - The store has ample parking, easy ingress, and access for deliveries including a roundabout.
- Store #2 was opened two days before Commission visit and, also, replaced a store on or near the same busy highway from the board's store's previous location.
 - This store is on a service road off a major highway and intersection.
 - The new store allows for more retail and warehouse space and parking.
 - The exterior of this store follows the same façade and facilitates a visual connection of branding between the board's stores.
- The retail areas are well-lit and shelving, endcaps, and other displays are well organized.
 - Show room area is modern, optimizes space, aesthetically pleasant, and allows for easy flow for patrons and staff.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed, and the quarterly price book is available should customers request.
 - Each store has an electronic media display screen offering relevant information to the store.
 - Shelf tags include highlights for pricing and recipe cards.
- The warehouse and administrative areas are equally modernized and stylish.
 - The areas are well lit, organized, and stocked.
 - Delivery drivers can easily drop pallets.
- Shelf management practices are fully implemented, and a written plan is now available for store personnel which corresponds with NCAC 15A .1708.
 - Products are fronted and dusted, and most are placed in categorized areas.
 - Premium products are generally found at eye-level or top shelf.
 - Bottles are generally arranged so they increase in size left to right of the same item.
- Sales associate interactions with customers are attentive, courteous, and the staff is eager to meet the needs of the customers.
- A sample of approximately 100 items were selected at Store #1 to determine if uniform pricing is displayed. Of those selected, all items price tags reflected current pricing.
 - *A smaller sample was selected at Store #2, and even though the store was recently opened and still in transition, all items' prices were accurately posted also.*
 - Price discrepancies are handled in the customers favor if the shelf tag were to be lower than the current price mandate.
- The stores are open from 9:00 am until 9:00 pm all year. They are currently closed every Sunday, and the five (5) previously required annual holidays except July 4th, and Memorial Day.
- Security systems are in place and functional in all designated areas.
 - *The stores have either twenty-four or twenty-six cameras with monitors in the office and near the counter.*
 - *Each store has panic buttons.*
 - *The administrative areas of the stores are only accessible with key fobs.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- The Commission does not have a code of ethics policy on file for the board. In compliance with G.S. 18B-706(a), the board should adopt a code of ethics and provide said documentation to the Commission. *If an ethics policy has already been adopted, please forward a copy for Commission records retention.*
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- While already being done for certain purchases, the board should re-establish full compliance with G.S. 18B-702(m) preaudit approval certificate to take substantially the following form on checks, “This instrument has been preaudited in the manner required by GS 18B-702”. *This could most reasonably be accomplished by stamping and signing the order edit list or other purchase orders.*
- In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.

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 September 30th of each year.
 - 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.
- With the anticipated construction of a new state warehouse in the foreseeable future, boards should evaluate the need for updates or expansions to efficiently accommodate the expected increase in products and their availability. *Board has recently opened their second new store this decade.*
- 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).* 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 Board members must complete ethics training within one (1) year of each appointment and again following all reappointments under NCGS 18B-706(b). *Board could also consider having the store manager(s) or other employees take the training course as well as refresher courses for the general manager or finance officer.*
- Please ensure all newly adopted policies or any updated policies are submitted electronically to Commission personnel for recordkeeping and review per NCAC 15A .1102 Rule. *The board's employee manual on file with the Commission does not currently contain the board's credit card policy reviewed at visit.*
- 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.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2014)

- Either remove televisions from stores or keep tuned to news or weather stations.
- To minimize empty spacing consider the following practices:
 - o Reallocating shelf space from declining categories to those showing growth;
 - o Allow more space for your more popular brands and re-allocating space when eliminating underperforming brands;
 - o Optimize shelf space to incorporate displays within shelves
 - o Cross-merchandising by placing products that mix together on the same shelves.
- To ensure that files can be restored, backup computer software on a routine basis.
- To ensure correct pricing on the store shelves and in the computer system, audit shelf tags on a regular basis by incorporating this practice during or in between the regularly scheduled inventory counts.
- To ensure that the vehicle is used for purposes outlined in the policy, include a mileage log. A mileage log should specify the beginning and destination points, and the miles generated for each trip.
- Place the pre-audit certificate with the finance officer/deputy finance officer's signature on the order to LB&B or common orders before the transaction takes place.

While having addressed most considerations from previous Commission review (2014), board should still monitor and strive to satisfy previously noted recommended actions.



2839 Holden Beach Road SW
Supply, North Carolina 28462
910-842-8839 910-842-9228 – Fax

3670 Maco Road NW
Leland, North Carolina 28451
910-830-4101 910-830-4039 – Fax

Mr. Edwin Strickland
ABC Board Auditor/Program Analyst
Boards and Pricing Section
400 E. Tryon Road
Raleigh, NC 27610

May 15, 2025

Dear Mr. Strickland,

The Brunswick County ABC Board has reviewed the performance audit you conducted on April 9, 2025, and our response to your recommendations are as follows.

Code of Ethics Policy / Certificate of Accountability:

There is a code of ethics on file signed by all Board Members. The Code of ethics will be on file at the commission.

Unsaleable Merchandise:

Destruction of Unsaleable Merchandise forms will be reviewed by the distiller representative and then signed. These Destruction of Unsaleable Merchandise forms will be sent quarterly.

Administrative Compliance:

The pre-audit certificate is now stamped on all LB&B orders and signed by the finance officer. Although the Finance Officer signs each truck order, without a stamp, the stamp has been purchased to allow each truck order to be stamped with full compliance, each stamp will provide the required G.S. 18B-702 Preaudit approval.

The Brunswick County ABC Board and staff would like to thank you for your time and due diligence with this audit. I enjoyed working with you on this audit. Should you need any additional information please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads 'Angela Boone'.

Angela Boone
General Manager
Brunswick County ABC Board

Mitchell Williams, Chairman Steve McLeroy, Member John "Buster" Dowless, Member
Angela R Boone, General Manager