

Bunn ABC Board

Performance Audit Report



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Alcoholic Beverage Control

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Hank Bauer

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August 21, 2025

Bunn ABC Board
Richard Henn, Chair
5435 NC Hwy 39 S.
Bunn, NC 27508

Chairperson Henn,

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Bunn 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

Bunn is town in central North Carolina and was incorporated in 1913. It is the fifth largest community in Franklin County with an estimated population of 361 residents. The town's population per the 2020 census was 327 residents, down almost 5% from 2010. The Bunn ABC Board operates one (1) retail store and is one of four boards with stores in the county.

Chapter 395 of the 1963 Session Law authorized the town of Bunn to hold an election for an ABC store upon receipt of a petition signed by fifteen percent of the registered voters. The referendum was held on November 2, 1963, and passed. The first date of retail sales was December 18, 1963. The town council appoints members to serve three-year terms

Upon election of an ABC store, Bunn was authorized to create an ABC Board consisting of a chairman and two members to serve for three-year terms. Current board members are Richard Henn, chair, Steve Mercer, and Keith Gupton, board members.

The last performance audit for the Bunn ABC Board concluded in 2018. 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, June 2, 2025, ABC Commission Program Analyst Edwin Strickland visited the Bunn ABC Board and interviewed the General Manager, Lee Ann Coraci. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



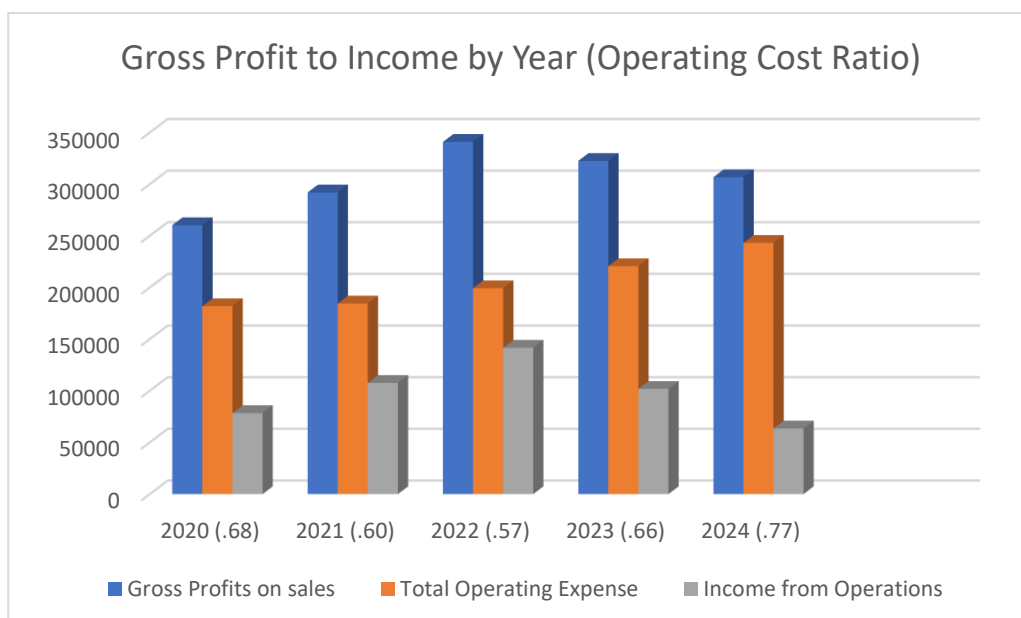
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FINANCIAL ANALYSIS

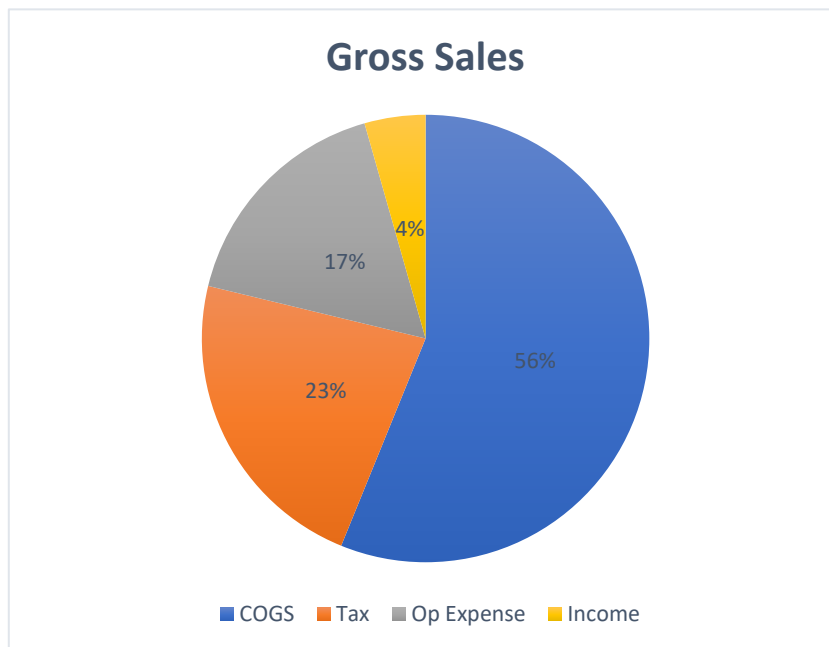
PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

- In fiscal year (FY) 2023-2024, the Bunn ABC Board had a profit percentage to sales ratio of 4.39%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales less than \$2M is 5%.
 - The Bunn ABC Board's gross sales totaled \$1,447,267 which was an approximate 5% increase from the previous fiscal year.
 - The board's sales have grown almost 31% over the last five completed fiscal years.
- Bunn ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .77 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage is .73 or less. *The operating cost standard for boards with no mixed beverage sales is .85 or less. In FY 23/24 mixed beverage sales accounted for 2.7% of the board's sales.*
 - 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 Bunn ABC Board does not meet 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	\$306,776	\$322,527
Total Operating Expense	(\$243,202)	(\$220,670)
Income from Operations	\$63,574	\$101,857



- 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.



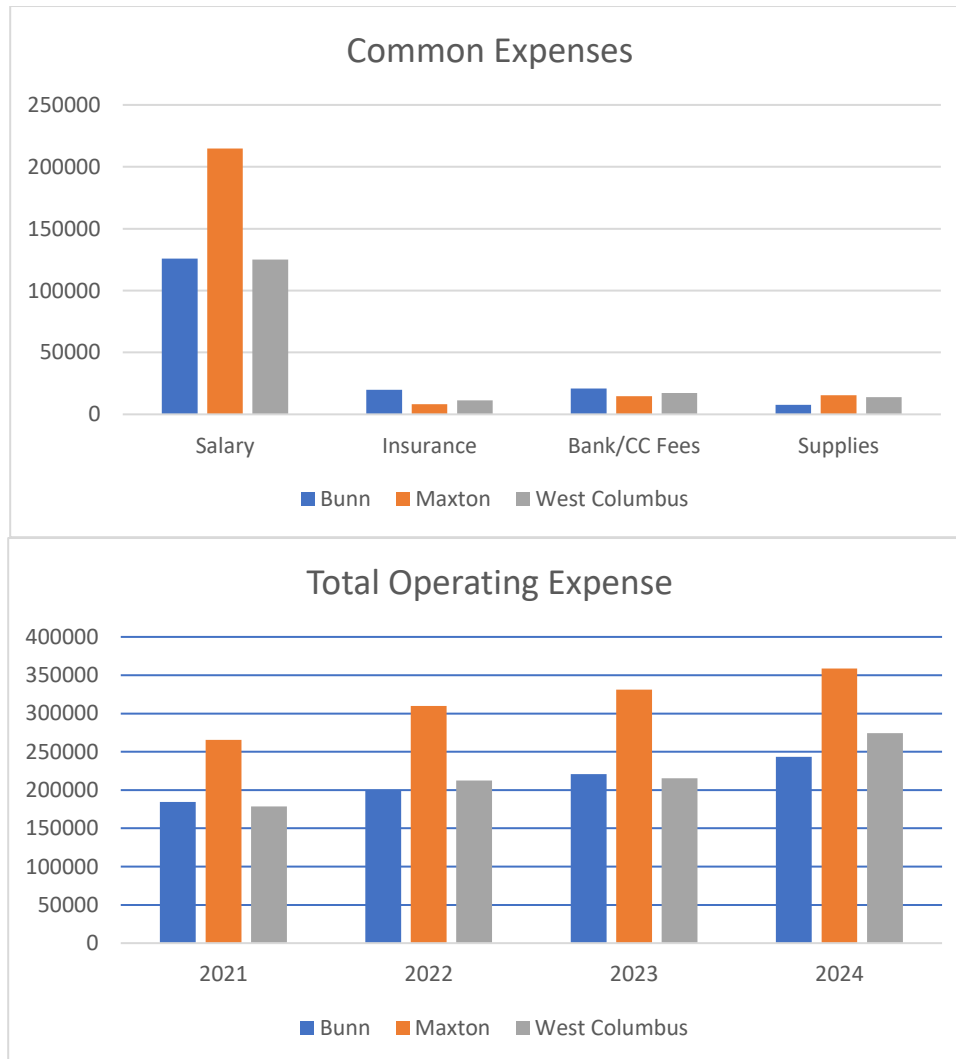
- *Factors affecting sales:*
 - Other ABC boards with stores within a 30-mile radius include Wake County, Nash County, Youngsville, Franklinton, and Louisburg.
 - A 3.6% unemployment rate in Franklin County in June of 2024 with a .1% increase from the previous year.
 - The board currently has 2 active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for 2.7% of gross sales.*

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 Bunn ABC Board receives shipments twice monthly with a target inventory turnover rate of 5. The inventory turnover rate in (FY) 2023-2024 was 5.6, which is above the goal.

FINANCIAL ANALYSIS (cont.)

- *Factors affecting expenses:*
 - Total operating expenses increased approximately ten percent (10%) from the last fiscal year and were almost thirteen percent (17%) of total annual sales in FY-23/24.
 - Board salaries and were around eight- and one-half percent (8.5%) of total annual sales. Salaries and wages increased around eight percent (8%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 56.1% for the fiscal year with a normal range being 52% to 54%.
- A common expense report and a total operating expense report show the Bunn ABC Board has similar or lower categorical and total operating expenses comparable to other ABC boards within a relatable 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>	<i>FY2023-2024 Actual</i>	Variance	Variance %
Total Revenues	\$1,421,725	\$1,447,267	\$25,542	1.8%
Total Expenditures	\$1,345,012	\$1,369,887	(\$24,875)	(1.8%)
Distributions	\$70,713	\$58,046		
Revenue over or (under) Expenditures		\$19,334		
After Reconciling Items		\$6,000		

- In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual total revenues were 1.8% above final budget amendment and total expenditures were 1.8% above.
 - The net income change during the fiscal year was \$6,000. *The board's collective net position on June 30, 2024, was \$172,140; the net position has increased almost 16% over the last five (5) fiscal years.*
- Based on sales trajectory for the current fiscal year with eleven months (92%) of the budget year completed, the board is tracking at almost 97% of annual budgeted sales.

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, Bunn ABC accrued funds for other statutory distributions totaling \$58,046 (Net profit distribution recipient received \$55,343).
- The amount of \$327,287 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Franklin County.
- *Per the local enabling act, the distribution formula for recipients of net profits is as follows:*
 - One hundred percent (100%) to the Town of Bunn General Fund

DISTRIBUTIONS (cont.)

➤ STATUTORY DISTRIBUTIONS:

- Net Profit Distributions – The Bunn ABC board has made net profit distributions for the last five (5) fiscal years over the minimum mandatory distribution in reference to G.S. 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 accrued for disbursement at or above the standard 5% statute amount over the last five (5) FYs.
- Alcohol Education Distributions: Have been accrued for disbursement at or above the standard 7% statute amount the last five (5) FYs.

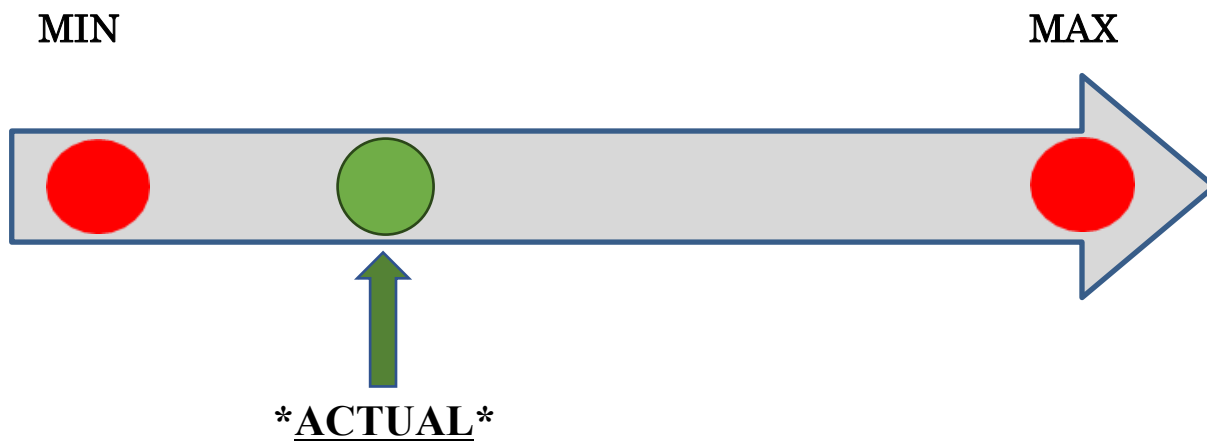
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Bunn ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$41,517	FY-2024	\$55,343
FY-2023	\$39,653	FY-2023	\$100,386
FY-2022	\$36,211	FY-2022	\$125,594
FY-2021	\$35,134	FY-2021	\$92,897
FY-2020	\$32,209	FY-2020	\$66,886

- While alcohol education and law enforcement distributions have been accrued to meet statutory requirements, the board has not made a distribution in at least the last five fiscal years.

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 less than \$1.5M as an amount equal to four (4) 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 Bunn ABC Board is required to maintain a minimum working capital of \$43,076 with a maximum working capital amount of \$373,327.
 - The Bunn ABC Board had a working capital balance of \$124,142 which is more than the minimum and less than the maximum Commission requirement 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.

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. Members, when meeting regularly, receive compensation for their services at or below the maximum \$150.00 per meeting.
 - Current board member terms are not staggered to comply with G.S. 18B-700(a). *The board should consult their appointing authority to reestablish term end dates so that on member's term ends each year.*
 - Board members are currently compliant on ethics training, but all are nearing the three-year mark for their previous trainings.
 - All members are serving consecutive terms.
 - Members have professional experience in business and other applicable areas.
- Members may have not 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 sometimes held the second Wednesday of each month and public awareness is given to the town. *Per review of minutes and discussion with board personnel, recent meetings have not been held regularly and no clear pattern for meetings was established at visit.*
- Meeting minutes are organized and available but do not fully follow the order of proceedings. *The secretary for the minutes could work to add approval of the previous meeting's minutes, distinguish new and old business, and could consider having the approved minutes signed by the chairperson or others.*
 - Meeting minutes do not contain the no conflict of interest statement
 - Some financial reports provided by the bookkeeping service are discussed at meetings to include the statement of revenue, expenses, and change in net position.
 - Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld. 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 City of Bunn Police Department from 2010 in Commission records. *While the contract includes a "continue in effect" clause, the board could consider a new contract with current Police and Board signatures.*
- Law enforcement reports are submitted regularly by the general manager with data supplied from the police department's deputy clerk.
 - Reports contain applicable data for alcohol related activities for accountability per G.S. 18B-501(f1).

Board Personnel

- The board currently staffs nine total employees with one full time and eight part time.
- General Manager has been with the board for about twenty years and has been in their current role for approximately fourteen years.
 - 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.
 - They are responsible for oversight of all board operations and administrative and financial activities.
 - The general manager also serves as the dual role finance officer.
- The board utilizes a bookkeeper for financial review and to compile reports to satisfy the Commission requirements for the dual role GM/FO designation.
- The board has two employees who work primarily for truck deliveries.
- All other store employees are par time 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 seasoned personnel and is on the job and mentorship styled with an immediate emphasis on legal alcohol sales.
 - RASP training has recently been extended to all or most employees.
 - Product knowledge training is provided from in house conversations and through correspondence with broker representatives.
- Employee files are kept locked in the administrative office and include tax and other employment documents.
- Full time employees are enrolled in LGERS.
- No conflicts pertaining to nepotism found and per discussion with general manager.

Policies

- The board has a personnel manual that details various expectations and factors of employment including pay, benefits, leave, conditions of employment, travel, and behavioral standards to include conduct and discipline.
 - The personnel manual is from 2010, and the board could consider verifying all topics covered in the manual current with board expectations and practices. *For compliance with Rule 15A .1005(a)(7), the board should include in their personnel manual employee grievance procedures.*
- Additional policies in Commission records include a price discrepancy policy and a policy which covers the consequences for employees if they sale to an underage person.
- Additional policies could be considered including mixed beverage, overage and shortages, deposit and other cash handling, tastings, and employee tastings.
- For travel, the board has a travel policy that follows the reimbursement schedule for state employees in G.S. 138-6.

Operations

- Board personnel conduct full inventory quarterly with additional spot checks.
 - Usually, multiple team members and the general manager do counts on Sundays.
 - Variances are reviewed and the general manager who makes adjustments after review.
 - Strategies for slow moving products include moving to a table near the front of the store and including recipe cards for the items.
 - At Commission visit, a sample of items were selected to verify accurate current inventory. Of those selected all items actual inventory matched the database's theoretical inventory.
- Board receives deliveries for goods on the second and fourth Tuesday of each month.
 - Hand trucks are used for offload and checked against the manifest.
 - Variances are reviewed and recounted before sending notification to LB&B.
- The general manager and another key employee make the liquor order by walking the store and ordering each item after referencing the stock status report. Special pricing and special orders are considered routinely.
- Allocated products are available for mixed beverage accounts and others are shelved randomly with purchase limitations.
- The board does not have a website.
- The board currently has two mixed beverage customer accounts.
 - Invoices are provided to permittees at the time of the transaction and one copy is retained in a separate file.
 - The board does not deliver or have delivery requests.

Financial, Administrative, and Internal Controls

- Invoices for liquor are usually processed and paid per truck by the general manager.
 - *A small sample of invoices were checked and indicated payments submitted marginally after the thirty-day requirement.*
 - *Additionally, the Commission has received some correspondence from at least one supplier regarding late payments.*
- The board's checks do not have the required disbursement certificate in compliance with G.S. 18B-702(q).
 - Checks are signed by the general manager-finance officer and stamped with the Chairperson's signature by the GM/FO.
- A preaudit certificate is not used on purchase orders or liquor orders in compliance with G.S. 18B-702(m). *For liquor orders, this could most reasonably be accomplished by stamping the order edit list before the final order is placed.*
- The board does not have a credit card.
 - Some recurring payments are auto drafted.
 - Some reimbursements for supplies, travel, and milage are made monthly with board checks. *The board could consider a milage log or other means for documenting reimbursable expenditures.*
- The board maintains \$150.00 in petty cash and itemized receipts are retained until month end and a board issued check is used to replenish.
- The board uses one or register with a till beginning at \$150.00.
 - Tills are not verified at shift change and any shortages would be split between those who worked.
 - Tills and change fund are counted in the morning and the deposit is taken to the bank each weekday. *A sample of recent deposits were reviewed and matched with cash register tapes with no significant variances.*
 - The board's accounting firm is supplied all financial monthly and conducts reconciliation.
- Funds are kept in a pooling bank(s) approved by the North Carolina Treasury Office.
- Payroll is processed weekly by the General Manger using QuickBooks.
 - Hours are determined from the schedule and reviewed by the general manager and finance officer.
 - *A review of recent payroll records indicates accurate pay rates as entered on the board website for board members and the general manager.*
- The board keeps records for unsaleable merchandise reports but does not email copies of the reports quarterly to the Commission in compliance with NCAC 15A .1701(c).
- The board has not made alcohol education distributions in the last five fiscal years.
 - The board should reestablish an alcohol education recipient or consider making distributions to their local board quarterly.
 - The board should request reports for all alcohol education and rehabilitation recipients describing the expenditures of funds or ensure the activities for which the funds were spent is described in their local board's minutes, for compliance with G.S. 18B-805(h). The board should, in turn, make available these reports to their appointing authority.
- The annual CPA audit was received by the Commission on September 30, 2024.
- All board members and all staff members are each bonded for \$50,000 per G.S. 18B-700(i).

STORE INSIGHT & OVERVIEW

- The board's Store and administrative office is located on the town's main thoroughfare in the business district.
 - The building is free standing and has signage on the front and side of the building.
 - Parking is limited but generally adequate, with bollards installed to assist in organizing parking spaces and ensuring pedestrian safety.
 - Outside areas around the building are free of trash and debris.
- The retail area is well-lit and shelving and other displays are well organized.
 - Show room has categorical signage and space is maximized but still allows for easy flow for patrons and staff.
 - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
 - Quarterly price book is kept at the counters for customers.
 - North Carolina products have a section but are also mixed throughout the stores.
- The warehouse and administrative area is small and space is maximized.
- Shelf management practices are implemented.
 - 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 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 to determine if uniform pricing is displayed. Of those selected, all items shelf price tags reflected current pricing.
 - Price discrepancies will be handled in the customers favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Tastings are not held at the store, but the manager may consider in the future.
- The store is open from 10:00 am until 8:00 pm daily. They are currently closed every Sunday and the five (5) previously required annual holidays, and Memorial Day. *The board is considering opening on July 4th this year.*
- Security systems are in place and functional in all designated areas.
 - *The stores have cameras, alarms, and panic buttons.*
 - *The store has a bill scanner to combat counterfeit bills.*

RECOMMENDED ACTIONS (STATUTES OR COMMISSION RULES)

- Board members should take an oath before taking office or before the execution of the office per G.S. 160A-61 and G.S. 11-7. *A written account of the oaths should, please, be available at the board's administrative office.*
- In accordance with G.S. 18B-700(a) the board should request their appointing authority stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, appoint a new member for the duration of the previous member's term.*
- Board meeting minutes must have a conflict-of-interest disclosure statement, for proper adherence to G.S. 18B-201(f)(k) and referencing G.S. 18B-700(h).
- The board should reestablish compliance with G.S. 18B-805(c)(2) and (3) and make distributions for law enforcement and alcohol education or rehabilitation. *The board could consider requesting approval from their appointing authority to make annual distributions, rather than the quarterly requirement, for the recipients described in 18B-805(c).*
- For compliance with G.S. 18B-702(p), the board should reestablish dual signatures on all checks or drafts. *Per statute, the board may request the Commission waive the requirements of this subsection if the board determines the internal controls of the unit or authority will be satisfactory in the absence of dual signatures.*
- For compliance with G.S. 18B-702(m) and (q), the board should reestablish having the finance officer administer the applicable certificates on all checks, drafts, and purchase orders.
- With only a limited number of board meetings in the past two years, the board should verify compliance with G.S. 18B-700(g). *If only four meetings were held in the last two years, the chairperson may have received compensation above the maximum one hundred and fifty dollars (\$150.00) per meeting.*
- The board should work to establish full compliance with Rule 15A .1006(a)(7) pertaining to employee grievance procedures. *The board could consider updating their personnel manual to reflect any changes in board operations pertaining to hours, compensation and benefits, hours, holidays, and leave.*
- 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.
- 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.

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.
- While having met the performance standards in recent years, the board should work to reestablish compliance with profitability as outlined with the profit percent to sales and operating cost ratio standards.
- 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.
- While currently having only two customer accounts, the board should adopt a mixed beverage sales policy and provide awareness of the policy to their current and perspective customers. *Once adopted, the board should supply the Commission a copy per Rule 15A .1102.*
- While the full payment of distiller's invoices reviewed are close to the 30 days of delivery requirement, the board should work to ensure full compliance with Rule 15A .1406.
- With a cost of goods percentage for the last fiscal year of 56.2%, the board should work to monitor inventory and purchases to achieve a more typical range for COGS of 52%-54%.
- 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 annual forecasted sales or expenditures will differ significantly from budgeted. Ensure budget amendment copies are submitted to the ABC Commission and the board's appointing authority as required per G.S. 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.
- 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.

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

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2018)

- All ABC Boards are required to operate within a balanced budget. When sales projections exceed actual amounts, amend the budget to adjust for the increase.
- Have a contract between the board and a law enforcement agency. Once enacted, submit a copy to the NC ABC Commission.
- When an ABC board member's term has expired, they no longer have authority to vote on ABC board business. Ask the appointing authority to appoint new board members or reappoint the existing board members with staggered term limits. Once appointed, update the NC ABC Commission's website to reflect the changes.
- As a reminder, board members who have been newly appointed or reappointed must complete the required ethics training within one year of appointment status.
- To reflect transparency and for accountability, a conflict-of-interest statement, provided in the NC ABC Commission Operations Manual, must be read by the board chairman at every meeting. Notate the conflict-of-interest statement as being read in the board meeting minutes.
- Adopt a personnel manual and/or policies that incorporate board practices. The ABC Commission encourages ABC boards to model personnel policies and procedures after those of the appointing authority. However, certain ABC procedures must be clearly presented in the employee manual.
- As a reminder, submit policies to the NC ABC Commission prior to adoption. NCAC 15A .1102 states, "A copy of all rules or amendments thereto that may be adopted by a local board to govern the operation of ABC stores, or the enforcement of the ABC laws shall be submitted to the Commission at least 15 days prior to the date on which it is proposed that those rules or amendments are to become effective."
- Appoint a finance officer other than the general manager to perform essential financial functions relating to ABC Laws and NC ABC Commission rules.
- Place the pre-audit certificate with the finance officer's signature on the orders before the transaction occurs. G.S. 18B-702 (m) state, "...the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance."

While having addressed many considerations from previous Commission review (2018), board should still monitor and strive to satisfy previously noted recommended actions.

ABC Commission
400 E. Tryon Rd
Raleigh, NC 26710

July 9, 2026

We 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: Board members should take an oath before taking office or before the execution of the office per G.S. 160A161 and G.S. 11-7.

The Town of Bunn will be contacted and asked to reappoint board members immediately, with staggered terms. A written account of the oaths will also be available at the boards office.

Item 2: Board meeting minutes must have a conflict-of-interest disclosure statement

Going forward, meetings will contain the following ethics statement: “in accordance with G.S. 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and appearances of conflicts. Does any member have known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undo participation in the particular matter involved.”

Item 3: The Board should reestablish compliance with G.S. 18B-805(C)(2) and (3) and make distributions for law enforcement and alcohol education or rehabilitation.

Bunn ABC distributed funds owed to alcohol education to the Bunn Police Department and will continue to do so on a quarterly basis to be used for education and prevention.

Item 4: For compliance with G.S. 18B-702(p), the board should reestablish dual signatures on all checks or drafts.

Checks will be signed by the store manager and the board chairman.

Item 5: For compliance with G.S. 18B-702(m)and (q), the board should reestablish having the finance officer administer the applicable certificates on all checks, drafts and purchase orders.

A pre-audit stamp has been ordered stating the following: “this instrument has been pre-audited in the manner required by G.S 18B-702”

Item 6: With only limited number of board meetings in the past two years, the board should verify compliance with G.S. 18B-700(g).

Bunn ABC Board will begin meeting on a more regular basis (once every 2 months)

Item 7: The board should work to establish full compliance with Rule 15A.1006 pertaining to employee grievance procedures.

Bunn ABC Manager will begin updating our current personnel manual.

Sincerely,

Lee Ann Coraci, General Manager

Bunn ABC Board

August 20 2025
Month Day Year

Benn ABC
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).

Lee Ann Coraci
General Manager

Lee Ann Coraci
Financial Officer

Richard Klein
Chairman

[Signature]
Board Member

Keith Cruta
Board Member

Board Member

Board Member