Canton ABC Board

Performance Audit Report

Alcoholic Beverage Control Commission
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TABLE OF CONTENTS

ABC COMMISSION NORTH CAROLINA

Alcoholic Beverage Control

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July 16, 2026

Canton ABC Board
Marty Phillips, Chair
768 New Clyde Hwy. Suite 200
Canton, NC 28716

Chairperson Phillips,

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

Canton is a town in western North Carolina, and it is the second largest community by population in Haywood County behind Waynesville. The current estimated population for the town is approximately 4,400 residents, which reflects a modest increase since the 2020 census. The Canton ABC Board operates one store and is one of three boards in Haywood County.

S.L. 1967-671 authorized the Town of Canton to hold an election for an ABC store upon a petition signed by at least fifteen percent (15%) of registered voters. The referendum was held on December 5, 1980 and passed 892 to 737. The first retail sale occurred on May 6, 1981. A mixed beverage election occurred on January 14, 2003, and passed. Upon election, the town was authorized to create an ABC board consisting of a chairperson and two board members to serve three year staggered terms. Current board members are Marty Phillips, board chair, Brandon Crawford, and Charles Underwood, board members.

The most recent performance audit for the Canton ABC Board was completed in 2015. The Commission audit serves as an ongoing method to provide local boards with information and best practices that identify areas for improvement.

OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS

On July 6, 2026, ABC Commission Program Analyst Edwin Strickland visited the Canton ABC Board and interviewed the General Manager, Hugh Willimas. Below is a financial analysis, followed by operational observations, findings, and recommendations related to the performance audit.

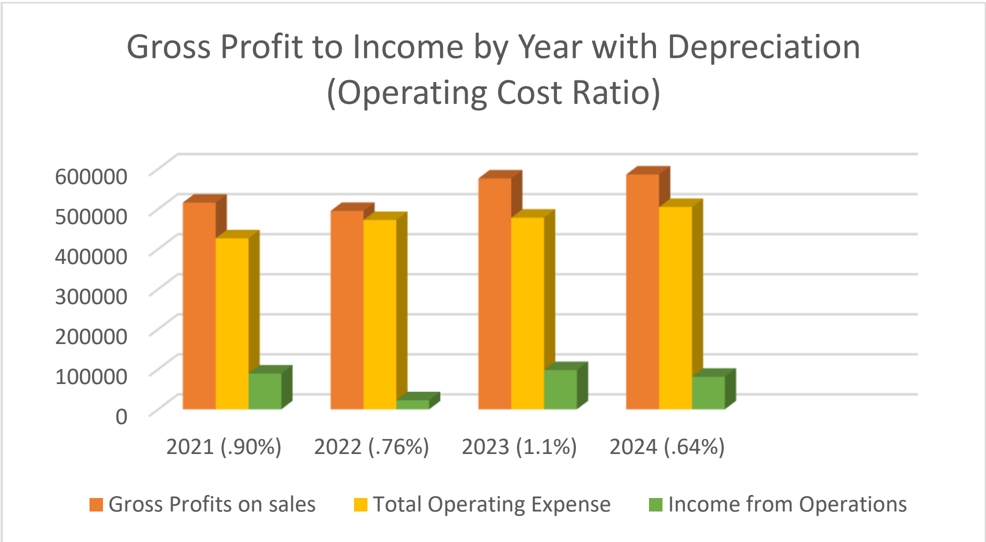
768 New Clyde Hwy, Ste 200.

FINANCIAL ANALYSIS

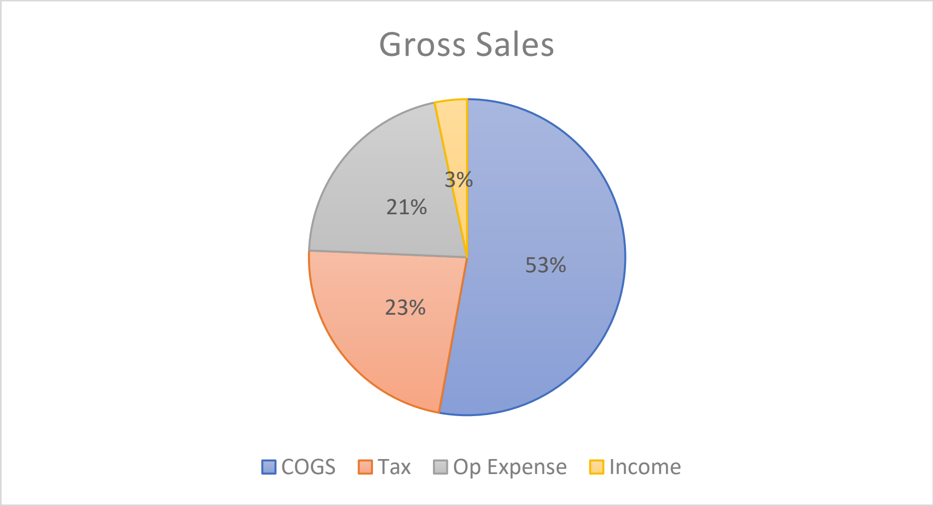
SALES, PROFIT PERCENTAGE, & OPERATING COST RATIO

- In FY 2025, the Canton ABC Board ceased operations in September 2024 following the loss of its store due to the impact of Hurricane Helene. For this reason, the financial analysis included in this report primarily focuses on FY 2024 and previous years.
- In FY 2024, the Canton ABC Board had gross sales totaling $2,402,270, an increase of 1.3% from the previous year.
  - Between FY 2021 and FY 2024, the board's sales increased by almost 14%.
- In FY 2024, the board's profit percentage to sales ratio was 3.38%.
  - *The profit percentage to sales ratios over the previous three completed fiscal years were 4.13%, 1.11%, 4.22%, respectively.*
  - The ABC Commission's profit percent to sales standard for boards with sales less than $5M is 3% or higher.
- Canton ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was 0.83 in FY 2024. *The previous four years are shown in the chart below.*
  - The ABC Commission standard for ABC Boards with one store and mixed beverage sales is 0.73 or less.
- Therefore, the Canton ABC Board did meet the profitability standard, but not the operating cost standard, set by the ABC Commission for FY 2024.
- Below are charts showing gross profit on sales, total operating expenses including depreciation, income from operations for recent years, and operating cost ratios.

	FY 2024	FY 2023
Gross Profit on Sales	$585,964	$576,024
Total Operating Expense	($504,887)	($478,276)
Income from Operations	$81,077	$97,928



- 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, debt service, or as additional distributions beyond the minimum requirement.



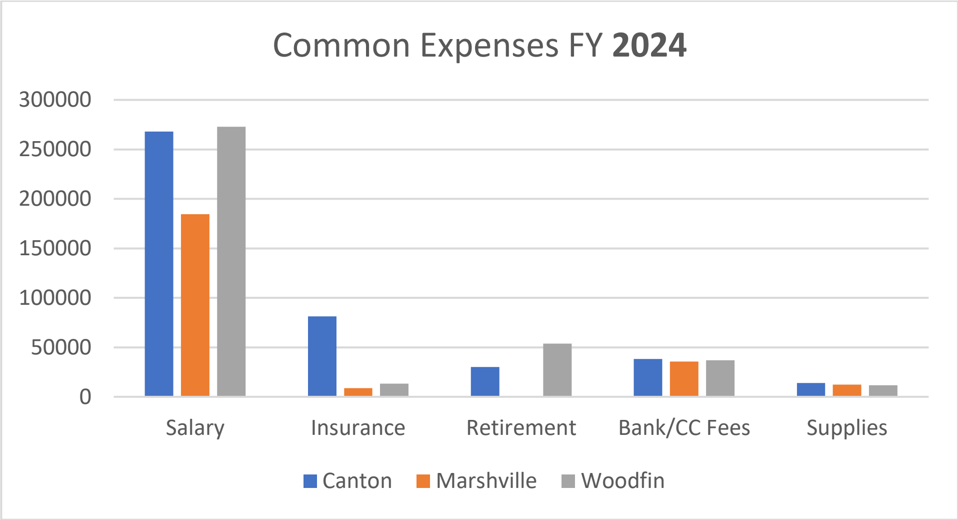
- *Factors affecting sales:*
    - There are seven other ABC boards with a store within a 30-mile radius of the Canton ABC store.
    - Hurricane Helene had a devastating impact on the region in FY 2025.
    - A 3.9% unemployment rate in Haywood County in June of 2025 with a 0.5% increase from the previous year. *The North Carolina Average in June 2025 was 3.7%.*
    - Approximately 13.1% of the population in the county is below the poverty level. *The current North Carolina average is 12.6%.*
    - In FY 2024 mixed beverage sales accounted for around 7% of gross sales.

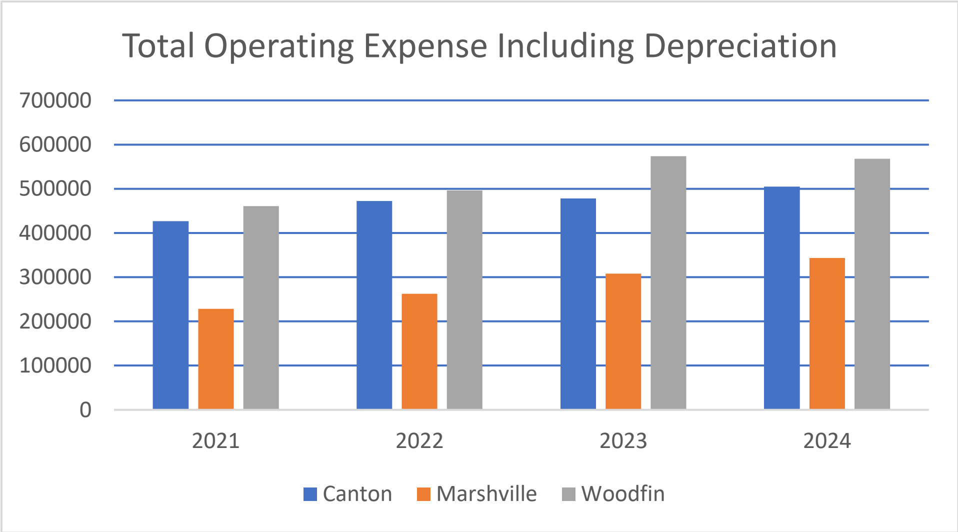
INVENTORY TURNOVER

- 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 5 times or more per year
    - Monthly deliveries target at 4.5 times or more per year
- The Canton ABC Board receives shipments twice a month, with a target inventory turnover rate of around 5. The inventory turnover rate in FY 2025 was 6.2, which is above the official goal.

EXPENSES

- *Expense Information:*
  - In FY 2024, total operating expenses increased by 5.6% from the last fiscal year and were around 21% of total annual sales.
  - Salaries were around 11% of total annual sales and increased 16% from the previous fiscal year.
  - Cost of Goods Sold (COGS) was 52.7% for the fiscal year with a normal range being 52% to 54%.
- A review of both a common expense report (For FY 2024) and a total operating expense report indicates the Canton ABC Board has similar categorical and total operating expenses to those of the other two ABC boards with comparable gross sales and number of stores.
  - Geography and cost-of-living factors are not always variables in the charts below.
  - *Common expense report categories can be unreliable, as different CPAs may allocate costs to line items inconsistently.*





BUDGET ANALYSIS

	FY 2024 *Budget Projections*	*FY 2024 Actual*	Variance	Variance %
Total Revenues	$2,375,415	$2,402,270	$26,855	1.1%
Total Expenditures	$2,406,605	$2,308,953	$97,652	4.1%
Distributions	$72,986	$73,505		
Revenue over/under Expenditures & Finance		*$19,812*		
After Reconciling Items		*$7,572*		

- In reviewing the budget to actual analysis of the FY 2024 financial audit, actual total revenues were 1.1% above the budget and expenditures were 4.1% below the final budget with amendments.
- The change in net position during FY 2024 was $7,572. *The board's collective net position on June 30, 2024, was $543,372; the net position has increased 7% since FY 2021.*
- The change in net position during FY 2025 was ($141,240). *The board's collective net position on June 30, 2025, was $402,132.*

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 and 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 2024, a total of $548,787 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Haywood County.
- In FY 2025, Canton ABC accrued funds for other statutory distributions totaling $73,505.
- Per the local enabling act, the distribution formula for recipients of net profits is as follows:
    - 64% to Canton General Fund
    - 36% to Haywood County General Fund

DISTRIBUTIONS (cont.)

- STATUTORY DISTRIBUTIONS:
  - Net Profit Distributions – The Canton ABC board has made net profit distributions for two of the last five fiscal years above the minimum mandatory distribution as referenced in G.S. 18B-805(c)(1). **The table below shows 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 and/or disbursed at or above the standard 5% statute amount for the last five FYs.
  - Alcohol Education Distributions: Have been accrued and/or disbursed at or above the standard 5% local act amount for the last five FYs.

NC GENERAL STATUTE: 18B-805 (c)(1)				
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients ***Note: Referencing CPA Audit Reports***			Canton ABC Board Net profit distribution made annually by fiscal year	
Calculated Amount			Total paid to recipient(s)	
FY-2025	*$-*		FY-2025	***$9,074***
FY-2024	*$61,495*		FY-2024	***$68,105***
FY-2023	*$67,586*		FY-2023	***$67,586***
FY-2022	*$58,419*		FY-2022	***$0***
FY-2021	*$54,415*		FY-2021	***$0***

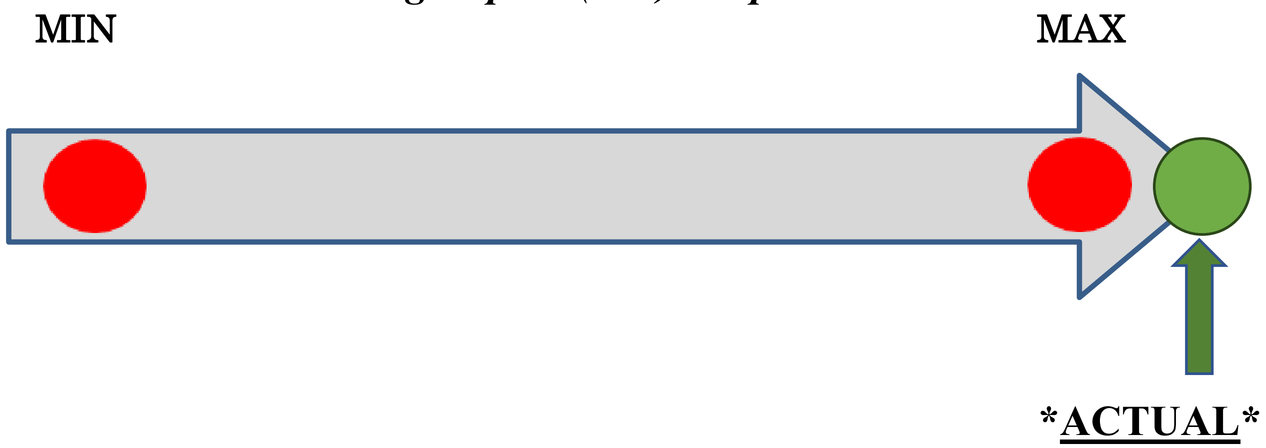
- Since inception in 1980, the board has distributed a total of $720,091 to the Canton and Haywood County General Funds, with over 20% of this amount distributed within the last five fiscal years.

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 means gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), and (4).

- Based on the existing rules, as of June 30, 2025, the Canton ABC Board is required to maintain a minimum working capital of $15,562 with a maximum working capital amount of $134,871.
    - On June 30, 2025, the board had a working capital balance of $181,723 which is more than the maximum allowed per Commission requirement for this section (*).
    - Net sales for FY 2025 declined compared to the board's recent historical sales performance. The actual working capital amount of $181,723 would have fallen below the maximum allowable threshold for FY 2024 and other recent fiscal years.

*** FY 2025: *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

Board Members

- The board consists of two members and a chairperson who receive compensation for their services in compliance with G.S. 18B-700(g).
  - Current board members' terms are staggered to comply with G.S. 18B-700(a).
  - One member is currently out of compliance with the requirements of G.S. 18B-706(b) and will need to complete the ethics training requirement as soon as possible.
  - A second recently reappointed member will need to complete the training soon. *All board members are required to complete the ethics training requirement before the end of the first year of their term, and preferably sooner.*
  - Members may have taken oaths of office, but copies are not currently available in the board's administrative records.
  - Board members bring a diverse range of professional experience, including business, local government, military service, and law enforcement.
- Meetings are generally held on the third Wednesday of each month.
  - Meeting announcements are provided to the town. The board may wish to consider posting meeting announcements in the store or on social media.
- Meeting minutes are available and generally follow the proper order of proceedings.
  - The minutes reviewed did not include the required no-conflict-of interest statement, nor did they document which members made motions or the outcome of any quorums.
  - Financial data are presented and discussed at board meetings including profit and loss statements, full account reconciliations, and additional pertinent information. *It is recommended to include a comparison of actual sales and expenditures to the budget each month.*
  - 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 in annual audits.

Law Enforcement

- The board has an active law enforcement contract with the Town of Canton Police Department that was signed in 2026.
- Law enforcement reports are submitted by the General Manager and usually contain the applicable data needed for accountability as outlined in G.S. 18B-501(f1).

Board Personnel

- The board employs two full-time and eight part-time employees.
- The General Manager is full-time, has completed the ethics training, and is responsible for overseeing all board operations and activities to include many accounting related functions.
- The Finance Officer is new to the position and will be trained in some of the accounting related functions. Having recently been appointed, she will need to complete the ethics training requirement soon.
- The Assistant Manager was previously the Finance Officer and supports the General Manager with daily store operations.
- All employees are responsible for providing friendly customer service, general store maintenance, and stock management.
- Training for new employees is on the job and mentorship based and includes introductory discussions on product knowledge.
  - Cross training for ordering and receiving shipments has been extended to a team member.
  - Some employees have attended RASP training, but no personnel have attended the training recently.
- No conflicts related to nepotism were found, based on discussions with the General Manager.
- All store personnel are aware that loitering is prohibited on board property and in the store.

Policies

- The board has a code of ethics policy which adheres to the requirements of G.S. 18B-706(a), a thorough personnel manual which covers the requirements of Rule 15A .1006, and a shelf management plan as required by Rule 15A .1708.
- Other written policies the board may wish to consider include credit card usage, allocated product sales, mixed beverage sales, and a guide to in-store tastings.
- For travel, the board has previously been following its appointing authority's travel policy.
  - G.S. 18B-700(g2) requires the board to receive annual approval from its appointing authority to continue to follow the town's travel policy, and to provide this approval in writing to the Commission each year.
  - G.S. 18B-702(g2) also permits the board to follow the State travel plan without annual approval, with reimbursements made pursuant to G.S. 138-6.

Operations

- Full inventory is conducted three times annually with continuous spot checks.
    - Multiple team members participate by using paper counts.
    - All variances are recounted and investigated, and the General Manager is responsible for all adjustments.
    - *A small sample of products was inventoried during the Commission visit with only one possible variance found.*
    - Slow moving products are relocated nearer the front of the store and, sometimes, into a specials section.
- Liquor orders are made jointly by the General Manager and a team member who compares stock status to a 30-day sales history.
    - The showroom is walked to verify that orders are correct for low stock items.
    - SPA lists are reviewed and buy in investments are considered when available. *As funds are restored, and with the new store's additional space, more buy ins may be considered in the future.*
    - A special request book at the sales counter is kept and referenced for additional possible items to be considered.
- The board receives liquor deliveries on the first and third Mondays of each month.
    - Pallets are dropped and checked against the order list.
    - Variances are rechecked before the report is sent to LB&B.
- The board currently has eight active mixed beverage customer accounts.
    - Pulled orders are rechecked by a second team member and again during the customer transaction.
    - Invoices are provided to the permittees, and signed copies are retained for each account.
    - The board stamps bottles as required by Rule 15A .1901.
- Some allocated products are available for mixed beverage customers, with others being shelved randomly according to the General Manager's discretion.
- The board retains breakage reports and submits them to suppliers for credit. To comply with Rule 15A .1701(c), the board should resume emailing copies of the reports to the Commission quarterly.
- The board has social media to promote general store information and special events at the board.
- The board's login website was updated prior to the Commission visit and contains accurate information pertaining to board members, personnel, and store locations.

Financial & Internal Controls

- Invoices for liquor are paid per delivery truck, currently, by the General Manager.
- The board's checks are signed by the Finance Officer and counter-signed by the General Manager.
  - The board's checks have the required disbursement certificate to ensure compliance with G.S. 18B-702(q).
- A purchase order which includes the preaudit certificate is attached to liquor order edit lists and also used if the board purchases anything else of significant value.
- Tax and primary distributions are processed by the General Manager.
- The board has a bank card used by the General Manager.
  - Itemized invoices are retained and the account is paid in full monthly.
  - A small amount of petty cash is also kept in the board's office and the same procedures for the bank card are followed.
- Cash-handling procedures are in place and understood by all staff.
  - Several clerks have their own till.
  - All tills are counted before and after each shift and an adding machine tape is initialed and left in the till to document the cash and coin denominations.
  - Deposits are compiled and transported to the bank the following day except for a night drop on Saturdays.
  - The General Manager conducts month-end reconciliations which are provided to the board members for review at meetings.
  - *A sample of recent deposits was reviewed with no variances noted.*
- Payroll is processed twice a month by the General Manager through QuickBooks.
  - A copy of the schedule is kept at the sales counter, and any changes are updated and reviewed by all personnel.
  - The Finance Officer will be responsible for payroll after training.
  - *Payroll summaries reviewed indicate corresponding compensation for Board Members and the General Manager as compared with the board's login website.*
- All board members and applicable personnel are bonded for at least $50,000 as required by G.S. 18B-700(i).
- The annual CPA audit was received by the Commission on September 25, 2025.
- Alcohol education distributions are made to Mountain Projects Inc., and the board receives an annual report from the organization describing how the funds were used.

STORE INSIGHT & OVERVIEW

- The Canton ABC Board's new store is located in an interior suite of a strip of businesses off one of the town's major thoroughfares and in a retail district.
    - The store has easily viewable roadside and building signs.
    - There is ample parking, and the exterior is free of trash and debris.
- The interior of the store is well lit, organized, and very modern.
    - Floors and shelves are clean and displays and end caps are utilized.
    - The Fetal Alcohol Syndrome poster required by G.S. 18B-808 is displayed.
    - A quarterly price book is available at the counter, and an SPA pricing list is available upon request.
    - Special shelf tags highlight items that are currently on sale.
    - The store has a North Carolina product section, and additional North Carolina products are placed within their corresponding categories.
- Shelf management practices are properly implemented.
    - Products are fronted and bottles are dusted.
    - Products are grouped by category, and premium products are located at eye level or higher.
    - Bottles are arranged so that they increase in size from left to right of the same item.
    - Shelf space for products is set to follow the factors identified in Rule 15A .1708(5).
- A sample of approximately one hundred items was selected to determine if uniform pricing was displayed. Of those selected, all items' prices were correct.
    - Price discrepancies are handled in the customer's favor if the shelf tag were to be lower than the current price mandate and the customer objects.
- Sales associates value customer service, and all are attentive and courteous.
- The store is open from 9:00 a.m. until 9:00 p.m. Monday through Saturday.
- The store is closed every Sunday, the five previously required holidays, and Memorial Day.
- The building has a camera system, alarms, and panic buttons.

REQUIRED OR REQUESTED ACTIONS

- Item #1: G.S. 18B-706(b) and Rule 15A .2001 requires each board member of a local ABC board, and any finance officer or general manager, to complete ethics education within 12 months after initial employment, appointment to office, and within 12 months of each subsequent appointment. *One member appointed in April 2025, is past the 12 month period and will need to satisfy this requirement as soon as possible. Additionally, a recently reappointed member and the board's recently promoted Finance Officer will need to satisfy the training requirement in the coming months.*

- Item #2: To avoid possible conflicts of interest, it is recommended that at the beginning of each board meeting, the Chairperson asks fellow board members if there are any potential conflicts of interest regarding agenda items. The following statement should be included in each board meeting's minutes. "In accordance with G.S. 18B-201, it is the duty of every board member to avoid both conflicts of interest and the appearance of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today?"

- Item #3: 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. *If already completed, a written account of the oaths should, please, be available at the board's administrative office.*

- Item #4: The board must annually obtain approval from its appointing authority to adhere to their local government travel policy and annually provide the Commission with a copy of this approval and policy per G.S. 18B-700(g2).
    - As another option, the board can alternately adopt the official State of NC government travel policy referenced under G.S. 138-6. This would allow the board to eliminate the annual travel policy update requirement by formally adopting the State of NC government travel policy during an official board meeting and provide a copy to the Commission.

- Item #5: 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.

RECOMMENDATIONS OR CONSIDERATIONS

- The secretary of the board's meeting minutes should consult the ABC Board Operations Manual sections 4.5 and 4.6 to ensure proper documentation of motions made during meetings and to follow other guidance provided in the manual.

- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. Rule 15A .1701(c) requires boards to submit quarterly reports for any unsaleable merchandise and to retain the original copies for three years.

- While generally understood by all staff, the board may wish to consider establishing or adopting the following written policies. *Written policies can serve to strengthen internal controls and as good guidelines if updates are made or are being considered to the procedures already in place.* Copies of all adopted policies should be forwarded to the Commission for approval and records retention.
  - The board should consider adopting a written policy for the use of the board's credit card or petty cash fund. The policy should consider the following items: Personal usage is prohibited, an itemized receipt for every transaction is required, maximum limit allowed on purchases before approval is needed from the finance officer, receipts are to be submitted within 15 days of the purchase; have someone other than the person authorized to make purchases reconcile the credit card statements.
  - The board may wish to consider adopting a written policy for the sale of allocated products. A formal policy would establish clear and equitable guidelines, assist team members in navigating interactions with patrons regarding high-demand items, and promote transparency in the distribution process.

- The board may wish to consider contacting the Commission's Education Outreach personnel to set up RASP training for some of its newer employees or for those who have not participated in the training recently.

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

ADDITIONAL GUIDANCE FOR ALL BOARDS

- 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 the 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.

- 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 when 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 sales adjustment for current fiscal year sales estimates.

- ABC Boards are required to work within general minimum and maximum limits for working capital, as established per Commission Rule NCAC 15A .0902(a)(2). When ABC Boards exceed maximum working capital in any given FY due to planned capital improvements, please secure written approval from the applicable County or Municipal authorities per N.C.G.S. 18B-805(d) and forward to the Commission. As best measure, securing documentation prior to exceeding maximum working capital would be the most ideal approach.

- Referencing G.S. 18B-805(c)(1) for Other Statutory Distributions, ABC boards shall set aside the clear proceeds of the 3.5% markup and additional bottle charge to be distributed as part of the remaining gross receipts to recipients in the local enabling act for net profit distributions. Thus, the board should be routinely making this minimum annual CPA calculated amount. Exceptions would be a scenario where there is an approval agreement with the appointing authority to withhold funds for capital improvements or increasing financial solvency.

- 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.

PREVIOUS PERFORMANCE AUDIT ACTIONS (2015)

- Refrain from distributing towards purposes outside of the enabling act.
- If unable to make the distributions, seek approval from the appointing authority to withhold the 3½% bottle tax distributions for a limited time or until a specific percentage of sales is achieved.
- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
- Cross train key employees on various administrative duties in the event the general manager and/or finance officer is unavailable.
- Consider additional training opportunities through the Commission and other Commission approved courses.
- To ensure strong internal controls for credit card purchases, adopt a written credit card usage policy.
- 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.
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- Have the board chairman read the conflict of interest statement to all board members at the beginning of each meeting. Reference the conflict of interest statement was read in the board minutes. Refer to Appendix A (3).
- Post signage at the store and Town Hall notifying the public, when, where, and the time meetings are held.
- Monitor budget more closely, particularly towards the year end, to determine whether amendments are needed. Amendments are required when expenses are over budget or have not been budgeted for and when sales are not meeting or are exceeding budgeted amounts.
- Place the pre-audit certificate with the finance officer's signature on the order to LB&B. When ordering supplies, have a purchase order or order confirmation that will have authorization from the finance officer before the transaction takes place. Refer to Appendix A(5) for statute.
- In the event the finance officer and/or general manager are unavailable, consider having board members authorized to sign checks.

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

Edwin,

I have gone over the report and everything is straightforward and really no questions about anything.. As I mentioned to you on Monday, we greatly appreciate you coming out here and going over everything with me. Being closed for a year and a half was definitely a unique experience, especially not being able to be a part of the typical day to day operations that all ABC Boards experience. We are excited to be up and running again, especially in a new, state of art ABC Store that we believe will serve and benefit this community for many years to come. I greatly appreciate your suggestions and recommendations for us to be in better compliance with ABC Commission guidelines and practices and I know that the Board and I will do everything possible to get these practices into place ASAP.

Our next Board meeting is Wednesday, July 15 at 5:30 PM. If you are unable to attend we will be glad to set up a conference call with you.

Thank you,
Hugh

July 15 2026
Month Day Year

CANTON
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).

General Manager

Financial Officer

Chairman

Board Member

Board Member

Board Member

Board Member